MILTON FRIEDMAN ON SCHOLARSHIP, FREEDOM, AND THE GOP CONGRESS

REASON

Free Minds and Free Markets™

June 1995

WESTERN BEEF

What's at stake in the war over the West

By Karl Hess Jr.

Who Pays for Lawsuits?
By Walter Olson

O. J.'s Bogus Defense
By Thomas W. Hazlett

The FDA vs. Women
By Michael Fumento

Is Gingrich the New Herbert Hoover?
By Alan Reynolds

The Minimum Wage Revisited
By Benjamin Zycher

The Immigrant Bash
John J. Miller on Peter Brimelow

Canon Fodder
Nick Gillespie on Harold Bloom

$2.95/$3.50 CAN

0

PRINTED IN USA

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Finally: a readable popular history of America—and one you can *trust*

$36.50 — publisher's price for these 5 quality paperbacks.

Yours FREE!

"Probably the best available survey history of the United States"—THE FREEMAN

Clarence B. Carson, continues *The Freeman*, "has formed a richly woven tapestry of events and the ideas that spawned them. . . . For Carson, history is not merely a collection of facts and dates, an account of explorations, settlements, westward expansion, wars, Presidents, and elections. History is the product of the actions of countless individuals, each under the influence of certain ideas. And Carson explores those ideas, ideologies, and 'isms.' He shows how they were responsible for the settlement of this continent, the struggle for freedom, the westward expansion, the construction of schools, churches, factories, and the founding of new religious denominations. He explains why our ancestors fought for their beliefs, and strove to create a government, limited in scope, with checks and balances, that would not have the power to oppress the people."

In 5 Sweeping Volumes, The American Story

VOLUME 1: THE COLONIAL EXPERIENCE, 1607-1774
VOLUME 2: THE BEGINNING OF THE REPUBLIC, 1775-1825
VOLUME 3: THE SECTIONS AND THE CIVIL WAR, 1826-1877
VOLUME 4: THE GROWTH OF AMERICA, 1878-1928
VOLUME 5: THE WELFARE STATE, 1929-1985

Dr. Carson is a man who cherishes our noblest traditions. Far too many modern historians, pursuing the agenda of the Left, leave our past in tatters. Not Dr. Carson. He understands what made our country great — and what threatens us today. He gives us the facts, and interprets them in ways that patriotic conservatives and libertarians will applaud. He captures the color too, the clash of controversy, the values we are still struggling to hand down to our children.

If you've long since left the campus behind but would like a sound, readable refresher in American history, this is your first choice.

- 1,316 pages
- 211 quick, meaty profiles of key people
- Lavishly illustrated with 238 photos, engravings and maps
- At the end of each volume: glossary of dozens of key terms . . . proper-name index . . . suggestions for further reading (yes, *reliable* books) . . . extensive footnotes for documentation
- Brief chronologies begin each chapter, to give you key dates and put the section into perspective
- EXTRA — AND VALUABLE: 5 documents vital to our heritage:

The Declaration of Independence • The Constitution • Washington's Farewell Address • Jefferson's First Inaugural Address • The Monroe Doctrine

How to get this 5-volume $36.50 set FREE

How the Club Works

Every 4 weeks (13 times a year) you get a free copy of the Club Bulletin which offers you the Featured Selection plus a good choice of Alternates — all of interest to conservatives. ★ If you want the Featured Selection, do nothing; it will come automatically. ★ If you don't want the Featured Selection, or you do want an Alternate, indicate your wishes on the handy card enclosed with your Bulletin and return it by the deadline date. ★ The majority of Club books will be offered at 20-50% discounts, plus a charge for shipping and handling. ★ As soon as you buy and pay for 3 books at regular Club prices, your membership may be ended at any time, either by you or by the Club. ★ If you ever receive a Featured Selection without having had 10 days to decide if you want it, you may return it at Club expense for full credit. ★ Good service. No computers! ★ The Club will offer regular Superbargains, mostly at 70-90% discounts plus shipping and handling. Superbargains do NOT count toward fulfilling your Club obligation, but do enable you to buy fine books at giveaway prices. ★ Only one membership per household.

CONSERVATIVE BOOK CLUB
15 Oakland Avenue • Harrison, N.Y. 10528

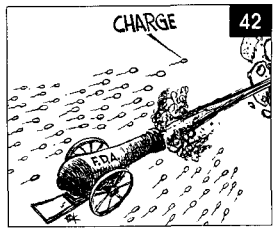
Please accept my membership in the Club and send FREE my 5-volume $36.50 set of Clarence B. Carson's Basic History of the United States. I agree to buy 3 additional books at regular Club prices over the next 18 months. I also agree to the Club rules spelled out in the coupon. **R-131**

Name _____
Address _____
City _____ State _____ Zip _____

REASON

Free Minds and Free Markets

June 1995/Vol. 27 No. 2



FEATURES

18 ■ Storm Over the Rockies
Karl Hess Jr.
The West is at war with itself.

26 ■ Civil Suits
Walter Olson
Why Americans would win if loser pays.

32 ■ Best of Both Worlds: An Interview with Milton Friedman
Brian Doherty
The Nobel laureate discusses life, liberty, and the libertarian movement.

EDITORIALS

4 ■ Food Fight
Virginia I. Postrel
The unreality of the school lunch debate.

6 ■ Scope Trial
Rick Henderson
Deficit cuts vs. government cuts.

COLUMNS

39 ■ Taxes: Unbalanced Amendment
Alan Reynolds
The Balanced Budget Amendment is a prescription for higher taxes.

42 ■ Regulation: Sponge Bath
Michael Fumento
How the FDA squeezes women's choices.

44 ■ Economics: Minimal Evidence
Benjamin Zycher
Flawed studies drive the call for an increased minimum wage.

48 ■ Language: Liberating *Liberal*
Nick Gillespie
It's time to take back our name.

58 ■ Selected Skirmishes: Criminal Justice
Thomas W. Hazlett
Truth, justice, and O.J. Simpson.

BOOKS

50 ■ Wretched Refuse
John J. Miller
Alien Nation: Common Sense About America's Immigration Disaster, *by Peter Brimelow*

52 ■ Values Judgments
David R. Henderson
The De-moralization of Society: From Victorian Virtues to Modern Values, *by Gertrude Himmelfarb*

54 ■ Out-of-Focus Groups
John Hood
Middle Class Dreams: The Politics and Power of the New American Majority, *by Stanley B. Greenberg*

55 ■ Canon Fire
Nick Gillespie
The Western Canon: The Books and School of the Ages, *by Harold Bloom*

DEPARTMENTS

8 ■ Letters
DARE tactics, movie time...

12 ■ Brickbats
Name calling, banana ban...

14 ■ Trends
Privatization prospects, cybercensors...

Cover illustration by Richard Martin

Reason (ISSN 0048-6906) is published monthly except combined August/September issue by the Reason Foundation, a nonprofit, tax-exempt organization, 3415 S. Sepulveda Blvd., Suite 400, Los Angeles, CA 90034-6064. Second class postage paid at Los Angeles, CA, and additional mailing offices. **POSTMASTER:** Send address changes to Reason, P.O. Box 526, Mt. Morris, IL 61054.

Copyright© 1995 by Reason Foundation. All rights reserved. Reproduction or use, without permission, of editorial or graphic content is prohibited. Reason and Free Minds and Free Markets are registered trademarks owned by the Reason Foundation.

SUBSCRIPTIONS: $26 per year. Outside U.S. add $8/year surface, $38/year airmail. Address subscription correspondence to Reason, P.O. Box 526, Mt. Morris, IL 61054, 815-734-1102. For address change (allow six weeks), provide old address and new address, including zip code. **UNSOLICITED MANUSCRIPTS** returned only if accompanied by SASE. **INDEXED** in Readers' Guide to Periodical Literature, InfoTrac, Historical Abstracts, Political Science Abstracts, America: History and Life, Book Review Index, and P.A.I.S. Bulletin. Available on microfilm from University Microfilms International, 300 North Zeeb Rd., Dept. P.R., Ann Arbor, MI 48106. **Printed in the United States.**

Food Fight

By Virginia I. Postrel

The unreal school lunch debate

I WILL ADMIT A CERTAIN PREJUDICE against the school lunch program. It all started in 1966 when, as a first grader, I paid my $1.00 a week and got in return the worst food ever concocted outside of a prison camp—a diet heavy on collard greens and fish sticks. Even the spaghetti was inedible, a congealed mass of nearly sauceless pasta that bore no resemblance to my mother's specialty.

"What did you have for lunch today?" she would sometimes ask. "A roll," I would reply, then lamely try to explain why dishes I liked at home I refused to eat at school. Midway through the second grade, school officials finally relented and let students bring their own lunches.

Years later, as a high school freshman, I worked as an aide to the teacher who administered the free lunch program, helping her with the paperwork. She often noted that the school did nothing to verify eligibility; the only deterrents to massive fraud were honesty and shame.

Then, toward the end of my freshman year in college, the cafeteria workers went on strike, and the university gave us back our food money. Even with no kitchen facilities and no chain restaurants in town, for the next six weeks we ate better than ever. And most of us saved money. Institutional food, administered by monopolist nutritionists, is both lousy and expensive.

I kept waiting for stories like these during this spring's school lunch debate in Washington. "Get real," I'd yell at the latest blathering idiot on television. "These are *school lunches* we're talking about. Everybody *hates* them." But unreality was the rule. The whole debate seemed to be conducted by people who had never eaten lunch in a school cafeteria (except for photo ops), never packed a bag lunch, and never talked to program administrators off the record. Amid the sound bites and symbols, no one asked the obvious questions.

In typical Washington fashion, the major issue was whether increasing school lunch spending by 4.5 percent rather than 5.3 percent constituted a cut and, hence, a "Republican war on children." The GOP won that one on a technicality. But once again Republicans found themselves—à la Bush, Reagan, and Nixon—bragging that they, too, are big spenders.

THE REAL ISSUE IN THE FOOD FIGHT, HOWever, wasn't spending. It was control. The bill passed by the House eliminated federal rules dictating the management and content of school lunches. But because Republicans never treated school lunches as part of real life, they left their most potent and important arguments on the shelf. They missed the chance to make the point that Washington regulators lack the incentives, imagination, and knowledge to run the nation's lunchrooms.

"Our nation's school lunch program is soon to be splintered into 50 new programs all to be haphazardly established," objected Rep. Tony Hall (D-Ohio), who calls himself "a leading anti-hunger advocate in the Congress." Hall declared that "national standards, in this case the guarantee of at least one hot meal, protect all children no matter where they live."

Hall's comment represents the same thinking that led my elementary school to ban sack lunches, lest mothers stock them with non-bureaucratically approved goodies. He believes that we cannot trust state governments, let alone individual school cafeterias, or—horror of horrors—individual families to decide what to give children for lunch. How does he imagine that 68 million American families manage to feed themselves without his guidance?

Consider a lunch that wouldn't pass Hall's muster: a peanut butter sandwich, an orange, two Oreos, a pint of milk, and a multivitamin pill. Pricing the ingredients at a particularly expensive supermarket, and adding in the necessary paper and plastic bags, that lunch costs $1.46, 44 cents less than the federal government gives states for "free" lunches. ("Full-price" lunches, like the one President Clinton paid $2.50 for at a Maryland school, get a 31.5-cent subsidy.) Minus the vitamin and cutting the orange and milk in half, that lunch is pretty much what I ate as a child.

But such lunches are illegal for schools to sell. For some reason born of Truman-era food superstition, school lunches must be hot. During the lunch fight, I waited eagerly for somebody to ask why. But that obvious question just won't get asked when you're busy debating whether it's lying to call a 4.5-percent increase a "cut."

In the real world, however, the question matters. Ovens, grills, and cooks drive up costs tremendously. And requiring hot lunches eliminates many cheap foods that children like—all the foods that are, in fact, staples of middle-class bag lunches. On his p.r. trip to the lunchroom, Clinton ate turkey and beef tacos. A turkey sandwich would have been verboten.

Although bag lunches are as down-home as a construction worker's lunch pail, mentioning them on the floor of Congress would have sounded elitist. It would have injected into the debate the notion that some parents (and even some kids) have not only the funds ($1.46) but the expertise needed to make a healthful lunch. It would have raised the question of why schools even serve lunch—and why they need professional staffs to prepare it. Students are, after all, expected to supply their own clothes and school supplies. Why can't they bring their own lunches?

It's about time we stopped wringing our hands over the poor and unemployed.

We'd rather do something for them. Which is why Chevron contributed 1.3 million dollars to build a jobs training facility in South Central Los Angeles. It's part of our long-term partnership with Opportunities Industrialization Centers of America, a non-profit group that teaches marketable skills to those who need them most. After all, if we don't care for the future now, who'll care for it later?

Chevron

People Do.

© 1993 Chevron Corporation

REASON

Publisher Robert W. Poole Jr.
Editor Virginia I. Postrel

Assistant Editors Brian Doherty, Nick Gillespie
Washington Editor Rick Henderson
Staff Reporter Ed Carson
Editorial Assistants Leigh Creighton, Mary Toledo

Art Director Barbara Burch

Associate Publisher Bryan E. Snyder
Circulation Director Alyssa Garey
Public Affairs Director Richard J. Phillips

Contributing Editors
Ronald Bailey, Edith Efron, Glenn Garvin, Steven Hayward, Thomas W. Hazlett, David R. Henderson, John Hood, Brink Lindsey, Carolyn Lochhead, Loren E. Lomasky, Jonathan Marshall, John McClaughry, Donald N. McCloskey, Michael McMenamin, Steven W. Mosher, Charles Oliver, Paul Craig Roberts, Jacob Sullum, Thomas Szasz, Walter E. Williams, Martin Morse Wooster, Cathy Young

Cartoonists
Chip Bok, Henry Payne, Scott Stantis

Volunteer Anthony Brown

Legal Adviser Don Erik Franzen

Editorial and Production Offices
3415 S. Sepulveda Blvd., Suite 400
Los Angeles, CA 90034-6064
310-391-2245

Washington Office
1001 Pennsylvania Ave., NW, Suite 200 South
Washington, DC 20004
202-457-8577

Advertising Sales
The Townsend Group, Inc.
5301 Wisconsin Avenue, NW, #730
Washington, DC 20015
202-362-9188 Fax: 202-686-9761

Circulation Service
P.O. Box 526
Mt. Morris, IL 61054
1-800-998-8989

Founding Editors
Manuel S. Klausner, Tibor R. Machan, Robert W. Poole Jr.

Reason is published by the Reason Foundation, a 501(c)(3) nonprofit educational foundation. Contributions to the Reason Foundation are tax-deductible. Signed articles in *Reason* reflect the views of the authors and do not necessarily represent those of the editors, the Reason Foundation, or its trustees; articles should not be construed as attempts to aid or hinder the passage of any bill before any legislative body. The claims and opinions set forth in paid advertisements published in this magazine are not necessarily those of the Reason Foundation, and the publisher takes no responsibility for any such claim or opinion.

Audit Bureau of Circulations Member

Reason Foundation
Trustees
Bernard Baltic, Thomas E. Beach, Frank Bond, William A. Dunn, Richard Fink, Neal I. Goldman, Stina Hans, Manuel S. Klausner, David H. Koch, Robert W. Poole Jr., Harry E. Teasley Jr., Walter E. Williams

President Robert W. Poole Jr.
Senior Vice President Bryan E. Snyder
Vice President, Research Lynn Scarlett

TO ASK THE QUESTION IS TO ANSWER IT. Like the rest of the welfare debate, the school lunch brouhaha is, at its serious heart, about how best to help people who can't cope, whose lives are so disorganized that they have never learned how to put together a decent, inexpensive meal for their children. Knowledge possessed by illiterate peasants all over the world has somehow been lost in America.

Hunger is not the problem. Several years ago, *The Wall Street Journal* ran a front-page series on eating habits in the inner city. Its conclusion: Inner-city residents seek out fatty foods and starches, scorn vegetables, buy lots of convenience foods, and don't know or don't care how to prepare nutritious meals. They aren't hungry, but they are malnourished.

I was struck by the series because its urban findings exactly matched what my brother had seen as a medical student doing free exams in rural South Carolina. He had patients, including grossly obese children, whose medical problems stemmed from eating hot dogs all day long. Today's poor Americans do not have the gaunt, hungry look of Haitians, Cubans, or Depression-era Appalachians. They are, if anything, quite fat.

And regulations and subsidies, the favorite recipe of people like Rep. Hall, are unlikely to solve that problem. In its current form, the school lunch program serves mainly to create jobs for licensed nutritionists and bureaucratic overseers. Having left behind collards and fish sticks, it now serves meals that mirror the poverty diet of fat-and-salt-drenched convenience food.

Loosening controls might, however, do some good. It would allow schools to experiment in ways that could actually teach kids how to make meals without benefit of professional help.

Making a hot lunch is complicated; even turning out the horrors of my elementary school's lunch room requires expertise. Making a cold lunch is simple. The ingredients are obvious, the equipment limited to ordinary cutlery. Feeding children from disorganized families a simple lunch—a model of meals that they could make themselves—would provide not only food but education. And, who knows, some radical innovators might even fire the kitchen staff and let the kids spread their own peanut butter.

But even imagining that possibility requires getting outside the Washington box. You first have to think of lunch as real.

Scope Trial

By Rick Henderson

Deficit cuts vs. government cuts

IN JULY 1985, THE REAGAN ADMINISTRATION tried to abolish the Small Business Administration. But Lowell Weicker (R-Conn.), who then chaired the Senate Small Business Committee, vowed to block any attempt to defund his fiefdom. The administration only cut that year's SBA appropriation in half, to $385 million. A decade later, the SBA gets more than $800 million a year from taxpayers.

Today's congressional budget cutters could learn a valuable lesson from the Reagan administration's 1985 defeat. Republican House leaders have promised that their budget will eliminate the federal deficit within seven years. But how they reduce spending will be more important than whether they wipe out the deficit.

Would-be budget cutters have two choices: Trim every program a little and leave the regulatory state intact. Or limit the scope of the federal government and eliminate everything outside those boundaries. Which way congressional Republicans choose to go will determine whether the GOP's actions match its anti-government rhetoric.

The White House, most Democrats, and some Republicans clearly favor the first approach, giving the federal government a slight haircut. "We're not cutting government blindly," Bill Clinton said of his budget. "We're clearing away yesterday's government to make room for the solutions to the problems we face today and tomorrow." Like "reinventing government," this strategy concentrates on making current federal programs "more efficient," rather than asking why they exist in the first place.

But the haircut approach ignores the Lowell Weickers on Capitol Hill. Unless Congress zeroes out a program's appropriations, its budget will inevitably grow. The haircut strategy also overlooks the fiscal time bombs known as entitlements, including Social Security, Medicare, Medicaid, and federal pensions. Spending on these "automatic" programs, plus interest on the federal debt, will consume the entire budget by 2010.

SOME OF THE LEADERS IN THE ALLEGEDLY radical House are, in fact, Weicker Republicans who would rather preserve their bases of power than reduce the size of government. Agriculture Committee Chairman Pat Roberts (Kan.) has promised to block cuts in farm subsidies. Rep. John Edward Porter (Ill.), who oversees public-broadcasting appropriations, is protecting the Corporation for Public Broadcasting. And Rep. Jan Meyers (Kan.), who heads the small business subcommittee, vows to keep the SBA alive.

But this time, the Weicker Republicans may face determined congressional opposition. The $100-billion spending-cut package Budget Committee Chairman John Kasich issued in March would, among other things, defund the National Endowments for the Arts and Humanities and the Legal Services Corporation, privatize public broadcasting, and abolish the Interstate Commerce Commission. Kasich's plan would also begin to eliminate the Departments of Commerce and Energy, dissolve the Interior Department's National Biological Service, and phase out Amtrak subsidies.

The pressure is on, brought in part by a feisty class of 73 GOP House freshmen. In March, the freshman class proposed eliminating the Departments of Energy, Commerce, Education, and housing. Meanwhile, freshman Rep. Mark Neumann (R-Wis.) has offered a plan that, by eliminating more than 100 agencies and programs, would balance the federal budget in four years. So there's hope.

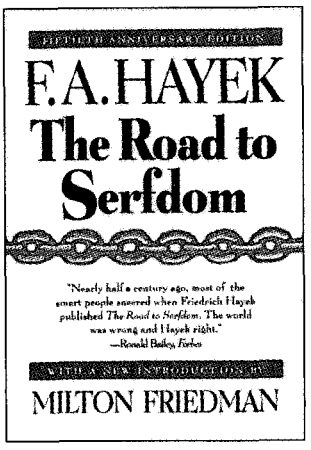
Even Sen. Bob Dole, the quintessential compromiser, talks like a radical. As he launched his presidential candidacy in Kansas, Dole vowed to eliminate the National Endowments for the Arts and Humanities, asking, "Why is the federal government in the culture business?" If Republicans answer such questions by abolishing federal agencies, we'll know a revolution is indeed under way.

SPECIAL FIFTIETH ANNIVERSARY EDITION

The Road to Serfdom
F. A. HAYEK
With a New Introduction
by Milton Friedman

Hayek's timeless meditation on the relation between individual liberty and government authority.

"A true classic. . . . Even more relevant to the United States today than it was when it created a sensation on its original publication in 1944."
—*From Milton Friedman's Introduction*


F.A.HAYEK
The Road to Serfdom
"Nearly half a century ago, most of the smart people sneered when Friedrich Hayek published *The Road to Serfdom*. The world was wrong and Hayek right."
—Ronald Bailey, *Forbes*
MILTON FRIEDMAN

Paper $10.95 • 320 pages
Cloth edition $25.00

"When he wrote *The Road to Serfdom*, [Hayek's] was a voice in the wilderness. Now the fight [has] been taken up by people all over the world, by institutions and movements, and the ideas that seemed so strange to many in 1944 can be found from scholarly journals to television programs."
—*Thomas Sowell, Forbes, cover story, January 1994*

Contra Keynes and Cambridge
Essays, Correspondence
F. A. HAYEK
Edited by Bruce Caldwell

This volume makes available the spirited debate of the 1930s and 1940s between Hayek and John Maynard Keynes, clarifying Hayek's work on monetary theory and illuminating his efforts to fight protectionism in an age of economic crisis.

Cloth $35.00 • 280 pages • The Collected Works of F. A. Hayek, Volume 9

Available at bookstores.

THE UNIVERSITY OF CHICAGO PRESS
5801 South Ellis Avenue Chicago, Illinois 60637

DARE Tactics

Jeff Elliott's article on DARE ("Drug Prevention Placebo," Mar.) illustrates a problem that has plagued drug abuse prevention efforts—the tendency to support programs based on how well they fit society's current assumptions about illicit drugs without regard for any evidence on their actual effectiveness. With the current emphasis on policing and increased punitiveness, it is not surprising that a drug education curriculum implemented by police is so popular. As long as a program such as DARE fits popular concepts of what drugs do and why people use them, few will question whether the program really works.

The "boomerang effect" which plagues DARE and many other drug education efforts is the predictable result of their use of what Arnold Trebach has called "prophylactic lies"—exaggerations of drug dangers which are intended to scare kids away from drugs. When they are first told those lies in elementary school, our children believe them and become motivated young drug warriors. But as they grow older, their own experience and that of their friends exposes those lies for what they are. They see that some of the best students in their school smoke marijuana without any sign of brain damage or progression to heroin. They learn that some of their friends use cocaine occasionally without any sign of becoming hopeless addicts. Having discovered that their teachers and parents are liars where drugs are concerned, they can no longer trust anything they have been taught about drugs. This leaves them with little reason not to try drugs.

We need to start paying attention to the need for evaluation of drug education curricula. We also need to start telling the truth in drug education. If we don't, our efforts to solve the problem of drug abuse will only serve to make the problem worse.

David F. Duncan, Dr. P.H.
Center for Alcohol and Addiction Studies
Brown University
Providence, RI

The DARE program, like the Partnership for a Drug-Free America and other anti-drug groups, has been censured for telling lies about marijuana. A DARE instructor in Los Angeles was quoted in the *Downtown News* as saying that marijuana use leads to heroin use—obviously based on the never-proven "gateway" theory. And teachers who have attended DARE sessions have quoted the officer running the session saying, "I can't tell you that smoking pot causes brain damage....But that's what it does."

The DARE program is clearly a menace that seriously misinforms children about drugs and is willing to censor any who oppose them.

Andrew Williams
Rockville, MD

Last fall I told Jeff Elliott I had not yet seen an accurate news account of the Research Triangle Institute's (RTI) study of DARE. Regrettably, that remains true today, even after publication of Mr. Elliott's article.

DARE used my 1987 evaluation to justify its national expansion, but that was a burden my preliminary study was not designed to carry. Contrary to Mr. Elliott's insinuation, I am fully aware of the study's limitations and listed them in my article. Better-funded studies came later. Some show DARE to be effective, some do not.

I object to Mr. Elliott's portrayal of me as the Great Defender of DARE who ignores overwhelming evidence to the contrary and says DARE works. What I do say is that RTI's meta-analysis study has limitations of its own, which RTI wrote about in the *American Journal of Public Health* but glossed over in an attention-grabbing press release.

Mr. Elliott decries DARE's ham-handed efforts to protect its good name, but all of the actors involved in this story have an agenda: DARE wants to shine. RTI wants news media attention. And Jeff Elliott wants to be the Great Muckraker. Unfortunately, nobody's agenda included an objective search for the truth.

William DeJong, Ph.D.
Lecturer
Department of Health and Social Behavior
Harvard School of Public Health
Boston, MA

Mr. Elliot responds: While William DeJong's 1987 article does list some of the study's limitations, his colleagues have pointed out much more serious flaws with his research, and further noted that his claims of improvement were exaggerated. Example: Dr. DeJong states that "DARE students reported significantly less use of cigarettes and hard liquor." Only by carefully reading the table is it apparent that the improvement by DARE students was barely measurable. No difference at all was found for use of marijuana, speed, downers, inhalants, or PCP.

Worse, the DeJong study downplayed the "boomerang effect," where DARE seems to have encouraged some of its students to experiment with drugs. When the results were analyzed by gender, DARE boys showed a slight improvement in drug

Communicate with REASON

We appreciate your letters, typed double-space and limited to 200 words. Letters sent to REASON will be considered for publication (unless otherwise noted) and may be subject to abridgment or editorial comment. Letters may be sent via CompuServe to Virginia Postrel at 70703,2152 or mailed to:

3415 S. Sepulveda Blvd., Suite 400
Los Angeles, CA 90034

use, knowledge, and attitudes. DARE girls, however, became *worse* by almost exactly the same degree. But in his discussion, Dr. DeJong emphasized the good news and hid the bad: "Boys who had DARE showed much less substance use, whereas girls displayed few differences between the DARE and NO DARE groups."

At the end of Dr. DeJong's paper he makes a pitch for DARE funding. While he concedes that "DARE represents a major investment," he adds, "Public officials are convinced, however, that this cost is inconsequential when compared to the price their city pays each year in ruined lives and street crime caused by substance abuse...the preliminary results of this short-term evaluation indicate that this investment in Project DARE has a good chance of paying dividends." A footnote even includes an address for DARE to write for further information. Such a naked endorsement makes Dr. DeJong's complaint that "nobody's agenda included an objective search for the truth" all the more interesting.

Movie Time

Charles Oliver, comparing the running times of modern movies to those of older movies ("Epic Burnout," Mar.), did not look up enough older movies to make his conclusions valid. Had he looked up the running times of films from just after WWII, he would have encountered more running times comparable to those that he complains about in today's films.

The running times for such contemporary entertainments as *True Lies* (138 minutes) compare with those of such 1945–1946 non-epics as *Rhapsody in Blue* (139 min.), *The Jolson Story* (128 min.), *Mr. Skeffington* (146 min.), and *Humoresque* (125 min.). The lengths of such recent Academy Award winners for Best Picture as *Dances With Wolves* (181 min.) and *Schindler's List* (192 min.) compare with the 1946 and 1948 Best Picture winners, *Best Years of Our Lives* (178 min.) and *Hamlet* (153 min.), and all four are a half-hour shorter than 1939's Best Pic-

America's biggest selection of
Bargain Books
- Save up to 80% or more on recent overstocks, remainders, imports from all major publishers. Books once priced at $20, $30, $40—now only $2.95, $3.95, $4.95.
- Choose from thousands of titles including hundreds of new arrivals each month!
- Books for every interest: **Politics,** Literature, History, Science, Biography, Fiction, Nature, Travel—over 40 subject areas.

Free Catalog
HAMILTON
Box 15-588, Falls Village, CT 06031

Who is John Galt?
TAX SLAVE
INDENTURED FOR LIFE
U.S. neutered ...equals UN
HELP STARVE A FEEDING BUREAUCRAT
VISUALIZE WORLD POLICE
Save the Whales
FIRST GUN CONTROL ...THEN TOTAL CONTROL
If Nicole had a gun, She'd be alive today!
STICKERS, no S&H $3 / 2for$5 / 8for$10
T-SHIRTS
When only Police have guns, it's called a Police State.
C (Blk/Red on Ash)$15
Don't Tread On Me
B1 Gold-DkGreen$16
B2 Black on Ash$15
Constitution Notebook, Instant word searches & compares. TCN has Magna Carta, Dec. of Ind., others. Seminars & analysis. Amazing study aid. DOS 3.5" $5
Crime Bill & Wiretap Bill on Disk+ others DOS-3.5"HD $5
DOS PATRIOT DISK $5
WHAT USE WOULD A FARMER HAVE WITH A MILITARY ASSAULT RIFLE LIKE THAT?
D (Black on Ash)$15
Check or M.O. payable to: A.L.H.
A.L.H. / dept. RSN Send biz size S.A.S.E. for FREE catalog of neat stuff.
%10121 Evergreen Way #682 T- Shirts in M,L,XL
Everett, WA 98204 Sweatshirts $7extra XXL Shirts add $1 ea.
S&H $3.00-order

DE-INVENTING BUREAUCRACY

BEYOND POLITICS
Markets, Welfare and the Failure of Bureaucracy

William C. Mitchell & Randy T. Simmons
Foreword by Gordon Tullock
The Independent Institute

Orthodox public policy has held that rampant "market failures" necessitate government intrusion to protect the public good. *Beyond Politics*, however, traces the reality of "government failures" and the pathology of current politics, showing government as the vehicle for private gain at public expense.

This lucid and comprehensive book examines such issues as welfare, education, consumer protection, trade and the environment; offering a powerful perspective on market processes, property rights, politics and government bureaucracy. Here is how we *can* and must restore the institutions for a free and humane society.

"**Beyond Politics** *superbly assembles the required understanding of both economics and politics, to get straight to the important elements.*"
— **JAMES M. BUCHANAN**, Nobel Laureate in Economic Science

"**Beyond Politics** *is an accessible and compelling account of the major issue of our time.*" — **RICHARD A. EPSTEIN**, Professor of Law, University of Chicago

"*An outstanding job.*" — **JAMES C. MILLER, III**, Former Director, OMB

"*Excellent.*" — **ROBERT L. BARTLEY**, Editor, *The Wall Street Journal*

"**Beyond Politics** *is a cogent case for rethinking what government can and should do. It deserves a wide reading.*" — **JOHN ENGLER**, Governor of Michigan

"**Beyond Politics** *is the best primer on political reality!*" — **PETE DuPONT**

18 Figures • 224 Pages • Index • $49.50 Cloth • $17.95 Paperback • Westview Press
Shipping/handling: Add $3.00 per book (CA residents add sales tax)

The INDEPENDENT INSTITUTE

ORDER TOLL FREE 1-800-927-8733

The Independent Institute, Dept. BNA, 134 Ninety-Eighth Avenue, Oakland, CA

Dispatches from

The Last Ditch

Anarcho-pessimists, post-neo-Objectivists, and other foes of the permanent regime opining monthly, from individualist and European-American viewpoints, on the end of civilization.

WTM Enterprises
P.O. Box 224 Dept. REA
Roanoke, IN 46783-0224

Write for free issue; 4 for $15, 12 for $42

SCHOOLS CAN TAX BUT VOUCHERS CAN PASS.

DISECONOMIES OF SCALE IN PUBLIC EDUCATION

- This is the booklet that will *help pass* a voucher system in California.
- The study *shows how* public school monopoly power has been used to build continuing budget costs.
- It provides a *practical path* to bringing school district budgets into the public awareness.
- It demonstrates *ways to build* increasing voter support for school voucher propositions.
- The school-choice issue is *not* going away; and, "DISECONOMIES" will become an *essential part* of the movement.

YES! PLEASE SEND ME ____ COPIES OF DISECONOMIES OF SCALE IN PUBLIC EDUCATION AT $11.25* PER COPY (PLUS $3 SHIPPING AND HANDLING PER ORDER). *CA RESIDENTS ADD 8.25% SALES TAX.

NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

MAIL TO: VOUCHER ACTION PRESS, PO BOX 1451 · SAN PEDRO, CA 90733-1451

Subscribe to Sobran's

A Monthly Newsletter by

Joe Sobran

- ***former CBS "Spectrum" Commentator***
- ***former Senior Editor,* National Review *magazine***
- ***columnist for Universal Press Syndicate***
- ***and America's sharpest commentator***

12 pages of uncensored Sobran with new material not available anywhere else! Don't miss his insights on Rush Limbaugh, O.J. Simpson, Newt Gingrich & Company, Norman Podhoretz, Bill & Hillary, the cultural collapse, the neglected Tenth Amendment, the "Usurpers' Constitution" and the "Alienated State."

See why he's called "America's Most Censored Conservative." Subscribe today at the special rate of just $44.95 for one year (or $85 for two years) and receive the audio tape "How Tyranny Came to America" as our gift.

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

☐ $44.95 for a 1-year subscription (regularly $59.95)

☐ $85.00 for a 2-year subscription (regularly $100.00)

Return this coupon to: P.O. Box 565, Dept. RM, Herndon, VA 22070

To order by credit card, call 1-800-513-5053 Offer expires June 30, 1995

ture, *Gone With the Wind* (222 min.).

Mr. Oliver says that audiences would not miss the alleged "fat" in movies were they to be shorn of 15 minutes, and yet some failed in pre-release screenings precisely because their makers were deprived of the opportunity to properly tell their stories. *Los Angeles Times* critic Charles Champlin once wrote of seeing *The Godfather* before release in a 2 1/2-hour cut that was not as emotionally moving as the release version, which benefited from a half-hour of additions that fleshed out subjects that had previously been unclear or without motivation. James Cameron (director of *True Lies*) added a half-hour back to his *The Abyss* for video and theatrical re-release, winning converts from those previously unenthused about his movie. I was astonished to learn what vital scenes had to be excised from the 173-minute version so the title could be booked into theaters as a 145-minute film.

When Mr. Oliver brings up Harry Cohn's remark about a movie being too long when Cohn's butt is tired and argues that today's audiences spend more time than we should at one screening, Mr. Oliver errs again. When an audience sat down to the feature films of the 1930s and 1940s, the main attraction was preceded by a newsreel, a travelogue or filmed band performance, one or more comedy shorts, possibly a cartoon, and the ever-present coming attractions trailers. In many cities, the customer saw a double feature, particularly due to the large assortment of hour-long features made for that purpose (routine westerns, Charlie Chan, the Bowery Boys, and offbeat stories with rising talent). When a single feature approaches the length of a double feature, there's always the possibility of an intermission.

To decide whether a film is too long, one sometimes needs to know what was shot and then unseen—although we can still say that the release version contained elements that were neither necessary nor entertaining.

David Hayes
Los Angeles, CA

Mr. Oliver responds: Mr. Hayes has a

point. Randomly looking up a few of my favorite films from various eras and relying upon the subjective impressions of movie critics (no matter how numerous) isn't the most precise way to judge whether films are getting longer. Fortunately, since I wrote my article, I have found that *Entertainment Weekly* has done a comprehensive survey that confirms my premise: On average films have been getting longer over the years, especially since the 1960s, and today's films are noticeably longer than those of decades past.

When I cited Harry Cohn's remark about his ass getting tired when a film was too long, I wasn't talking about the simple length of time one sits in a theater seat. Rather, I meant that when a film's quality does not match its length, one becomes aware of physical discomforts that one might ignore during a better film.

Mr. Hayes's example of *The Godfather* says nothing about my contention that today's films often contain quite a bit of fat. Obviously, if the 30 minutes added to that film "fleshed out subjects that had been unclear or without motivation" and made the movie more "emotionally moving," they were not fat.

Indeed, *The Godfather* actually confirms my central point about the increasing control that artists have over their work having some potential problems. In his recent autobiography, Robert Evans, head of Paramount when *The Godfather* was made, recounts the problems he had convincing Francis Ford Coppola to make the film longer. Evans also admits that while he and Coppola usually got credit for the movie's success, some of the key scenes were actually the work of the film's editors. (Compare the success of *The Godfather*, artistically and financially, to that of *One From the Heart*, a film in which Coppola did have total control.)

Correction

In the May Balance Sheet, the amount of the proposed spending cut by New York Mayor Rudolph Giuliani was mistated. The correct figure is approximately $1 billion.

LIBERTARIAN REPUBLICANS

Become an RLC Member!

Republican Liberty

Liberty Caucus in Congress

RLC Takes California by Storm

Roger MacBride: His Life and Legacy

'96 Presidential Race

Battling the Minimum Wage

News on Congressmen Jack Metcalf, Mark Foley, J.D. Hayworth, John Shadegg and Steve Stockman

Membership includes: 6 issues of the Newsletter (bi-monthly), bulletins, RLC-News Computer Forum, invitations to RLC sponsored receptions, and voting rights at RLC meetings

Send $20.00 to:
Republican Liberty Caucus
1717 Apalachee Parkway, Suite 434
Tallahassee, FL 32301
71562.120@Compuserve.com
(904) 552-2424

MEDIA BIAS
here's how it's done

"Advocacy"

Time editor Charles Alexander says that on environmental issues *Time* has "crossed the boundary from news reporting to advocacy."

NBC's Andrea Mitchell says, "clearly the networks have made that decision now, where you'd have to call it advocacy."

The Washington Posts's Ben Bradlee commented, "I don't think there's any danger in doing what you suggest. There's a minor danger in saying it . . ."

Fight this bias!

Send for information on how you can help.

Name_____
Street_____
City, State, Zip_____

Mail to: **ACCURACY IN MEDIA**
4455 Connecticut Avenue, N.W.
Washington, DC 20008
RE 2.6

THE RIGHT GUIDE 1995

CAN YOU MATCH CEO & SALARY FOR THESE ORGANIZATIONS?

not in correct order

1. Edwin Feulner, Jr. (Heritage Foundation)	a) $122,556
2. Wayne LaPierre, Jr. (National Rifle Association)	b) $111,507
3. Christopher DeMuth (American Enterprise Inst.)	c) $161,593
4. John Goodman (Natl. Center for Policy Analysis)	d) $430,158
5. Edward Crane, III (Cato Institute)	e) $173,881
6. Ralph Reed, Jr. (Christian Coalition)	f) $329,560

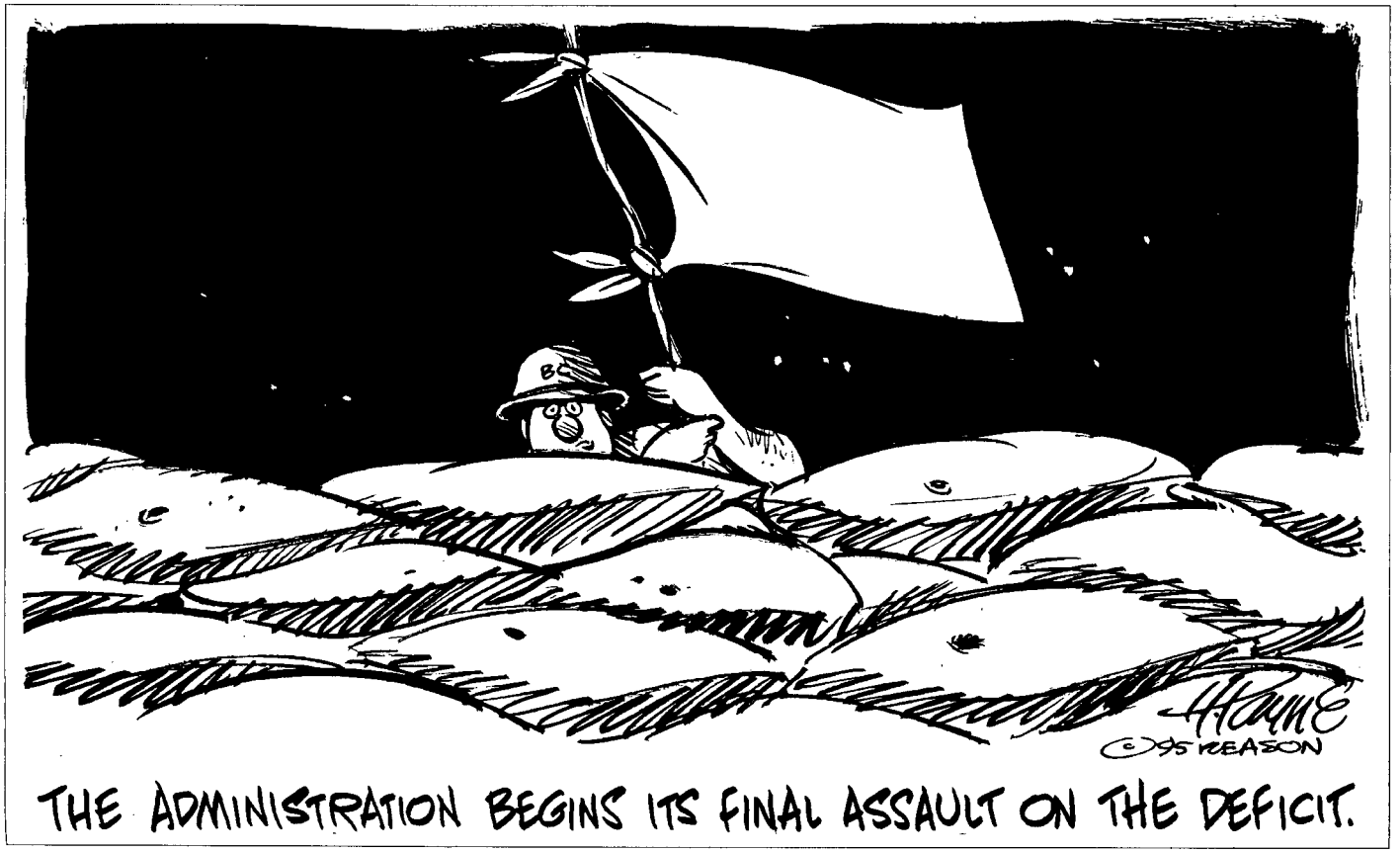
The answers are in THE RIGHT GUIDE 1995, a directory of over 3,400 conservative, free-market, and libertarian organizations. 831 organizations are profiled in-depth. Includes: mission, accomplishments, publications, key personnel and their salaries, revenues, expenditures, net assets, newspaper citations, e-mail address and much more. Contains a Profile Subject Index and a Keyword Index. Many cross-references. Features International and Periodicals sections.
LISTINGS INCLUDE: Art, Entertainment, Literature & Culture, Computer Networks & Online Services, Economics, Education, Environment, Firearm Owners' Rights, Foreign Policy, Foundations, Health Care, Libertarian, Media, Objectivists, State & Local, Television & Radio Programing and more. A total of 52 subject categories are included.

"THE RIGHT GUIDE 1995 is a great resource for networking in America's liberty movement." DR. WALTER E. WILLIAMS, SYNDICATED COLUMNIST

484 pages, clothbound.
$49.95 (includes UPS shipping and handling)
Check or money orders send to:
Economics America, Inc., 612 Church St., Ann Arbor, MI 48104
Visa and MasterCard orders call (800) 878-6141

THE INTERNET IS SO GREAT! A PLACE FOR THE FREE EXCHANGE OF IDEAS! WHERE FREE MINDS and FREE SPEECH REIGN!!!
...We GOTTA REGULATE IT!
STANTIS ©1995 REASON

SCOTT STANTIS



HENRY PAYNE

CHIP BOK

In Oslo, Norway, Kristi Larsen had a dream that she should name her son Gesher. But the name isn't on the government's official list of acceptable names. So she's been fined and ordered to give him an acceptable name. Some names that have government approval are: Odd, Bent, Roar, Dits, and Anon.

No clothes? No legs? No problem. To comply with the Americans with Disabilities Act, Dade County, Florida, has spent $18,500 to install a ramp to provide wheelchair access to the county's only nude beach. The county will also have to spend another $30,000 to provide special parking for handicapped nudists.

The mayor of Izmir, Turkey, has banned the sale of Dole bananas in that town. Seems many Turks blame Sen. Robert Dole (R-Kan.) for an effort to deny aid to Turkey for refusing to allow relief supplies for Armenian refugees to pass through their country. The mayor is convinced that the senator owns the fruit company and banned the fruit in retaliation.

When Elbert Lewis got a notice to register for the draft, he was a bit confused. Lewis had already been drafted and served aboard a Navy anti-aircraft cruiser —in World War II. Lewis is, in fact, 80 years old, not 18 as the Selective Service insists.

Harvard, Illinois, population 6,000, doesn't have much of a gang problem. And local officials are determined to keep it that way. They passed an ordinance banning the wearing of gang symbols, and last year arrested 14 juveniles for violating that law, including one young man caught wearing a Star of David necklace. Police also say that the color combination of black and gold is a gang symbol, which must present some problems for teens who want to show their school spirit. Harvard High School's colors are black and gold.

Thomas D. Wallace has filed a $40 million suit against Compton's NewMedia, its parent Tribune Co., and Best Buy. The Omaha man claims he suffered emotional distress when he discovered that the Compton's NewMedia's CD-ROM encyclopedia, which he bought at Best Buy, contains the word *nigger*. The word appears in such contexts as the Joseph Conrad novel *The Nigger of the Narcissus* and historic articles about slurs aimed at Martin Luther King Jr.

A woman has filed suit against a Milwaukee-area Catholic church. She claims a display board fell on her during a church bingo game. Since then, claims the suit, the woman has experienced spontaneous multiple orgasms several times each day and developed an irresistible sexual attraction to other women.

The men of Great Britain's Green Party are apparently a touchy-feely group of guys. You probably figured as much. The party's female members aren't. You probably guessed that too. The women didn't like being touched by the men when congratulatory or supportive hugs were offered, but worried that the men would feel "lonely, confused, and rejected" if they turned them down. So the party has started workshops teaching the three politically correct forms of hugging. They are: the side by side (hand on shoulder is the only body contact allowed), the frontal (hands on shoulders and an object must separate the bodies), and from behind (the huggee must be specifically asked, "Do you want a hug?" and the only body contact allowed is, well, hands on shoulders).

The Passaic County, New Jersey, chapter of the National Organization for Women is asking parents of young children not to hold same-sex birthday parties. Such festivities teach that sex discrimination is right, say the NOWsters. No word *yet if* children attending mixed-sex birthday parties must first go through workshops on how to hug each other.

—Charles Oliver

Contract Out with America

Privatization point man feels good about 1996

By Brian Doherty

CONGRESSMAN SCOTT KLUG (R-Wis.), a third-termer anointed as privatization point man by Speaker of the House Newt Gingrich (R-Ga.), is bullish on privatization this year. But not because he thinks members of Congress are prepared to jettison turf protection en masse in recognition of the advantages of free, private markets.

Klug is working closely with House Budget Committee Chairman John Kasich (R-Ohio) to make sure that the fiscal 1996 budget, which is scheduled to be ready in early May, has spending caps for various agencies and departments so tight that the cost savings that come with privatization will start to make a lot of sense.

The majority Republicans' commitment to laying out a path to a balanced budget should help overwhelm members' love of individual programs on the privatization block, Klug hopes. "In the current fiscal challenges facing the U.S. government," he said in testimony before the House Budget Committee, "the budget is a powerful tool capable of encouraging, sometimes forcing...actions that will ensure sound financial health."

But this year is key. "The trick is, we need to accomplish some fairly high-profile privatizations in every area this year, which will make the rest easier down the line," Klug says.

"Privatization" to Congress can include anything from outright sale of assets to contracting out functions. Klug says this year is looking especially good for full sales or partial contracting out of functions of federal power administrations (estimated revenue from sale: $11.5 billion), the Naval Petroleum Reserves (estimated revenue from sale: $1.6 million), the National Helium Reserves (savings by 2000: $16 million), the Government Printing Office (savings by contracting out many functions: $80 million a year), and the National Weather Service (savings by contracting out many functions: $12 million a year).

The White House has embraced many of these ideas. It supports selling the Naval Petroleum Reserve and all the power administrations except Bonneville, and even privatizing air traffic control.

The fight, Klug says, "isn't Republican vs. Democrat. It's regional. Everyone loves what's in their corner of the world. The Pacific Northwest congressmen are tough on keeping Bonneville. For some reason, [Vice President] Gore happened to leave the Tennessee Valley Authority off of his list."

Many freshmen in Congress talk about eliminating agencies. But without privatizing their functions, that would just mean "changing the names on the stationery," Klug says. "When I began work on privatization in January, there was no momentum and not a lot of press attention," Klug says. Now he thinks that has changed. Realizing that privatization is key to a balanced budget might make 1996 the year of privatization.

Capital Games

Who pays capital gains taxes?

By Nick Gillespie

The tax bill passed by the House in April slashes the tax rate on capital gains from 28 percent to 19.8 percent and indexes future gains against inflation. Ironically, such a reform, if enacted into law, would repeal a Reagan-era tax increase. It would also bring the United States into accord with most other industrial nations, which either have no capital gains tax on long-term holdings (Germany, Belgium, Hong Kong, the Netherlands), or lower rates (France, Italy, Japan, Sweden), or which index for inflation (Australia, United Kingdom).

The economic argument for cutting—or eliminating—the tax is fairly straightforward: The capital gains tax punishes people for investing wisely, whether in a house, stock, or business. Cutting the tax, then, would reduce a drag on saving and investing throughout the economy.

Opponents of a rate cut argue that it would benefit only the wealthiest Americans, who have more capital invested in the first place. There's no doubt that the "wealthy" would benefit from a cut. For instance, between 1942 and 1992, people making over $500,000 (about 1 percent of the population) had 31.7 percent of total taxable capital gains. But the effects of a capital gains tax would benefit income earners at every level—as the data below show.

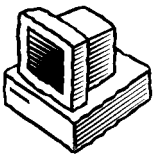
Distribution of Returns Reporting Capital Gains in Adjusted Gross Income
(percent)

Taxable Returns AGI Class ($000)s	1990s
Under $25	21.37
$25–50	25.85
$50–100	27.17
$100–200	10.81
$200–500	4.16
Over $500	1.45
Nontaxable returns	9.20

Source: Tax Foundation

Cybercensors

A new bill threatens Internet users' First Amendment rights.



By Ed Carson

"IMAGINE IF THE GOVERNMENT required every bookstore, newsstand, and library to obtain a license and verify that they are not distributing anything that someone might consider indecent. That's what this bill would do to the Internet," says Marc Rotenberg, head of the Electronic Privacy Information Center.

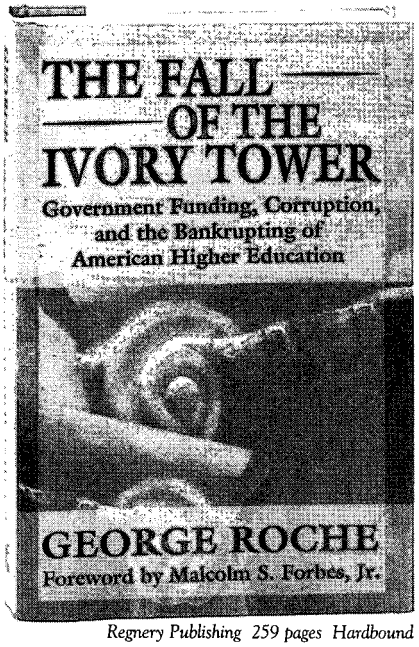
On March 23, the Senate Commerce Committee passed unanimously a bill to crack down on pornography in cyberspace. The bill, which is headed for the full Senate attached to a major telecommunications-overhaul bill, has people worried about losing their First Amendment rights. It would impose prison sentences of up to two years and fines of up to $100,000 for anyone who transmits any communication on the Net that is "obscene, lewd, lascivious, filthy, or indecent."

Sen. Jim Exon (D-Neb.) said in a press release that he introduced the legislation because "the information superhighway should not become a red-light district." He also expressed concern that children can gain access to sexually explicit materials.

But Jerry Berman, head of the Center for Democracy and Technology, says the bill would impose an unconstitutional infringement of users' First Amendment protections, placing "shackles on the electronic media."

Berman and other critics say they sympathize with Exon's concern about children accessing explicit material, but say that doesn't justify draconian restrictions on communication between consenting adults. They all agree that filtering "indecent" content out of the huge volume of traffic on the Net would be a monumental task at best. They argue that parents are really the only people who *can* be responsible for what their children view in cyberspace.

Parents now can purchase software that restricts access to the Internet by blocking material containing adult language or requiring a credit card number. Berman says this is a market solution that addresses child access far more effectively than Exon's legislation would, without limiting free speech. He says Congress could create incentives for providers to make access-limiting software available to parents or should "simply recognize that software is being developed to deal with this problem and let it go at that." ◆

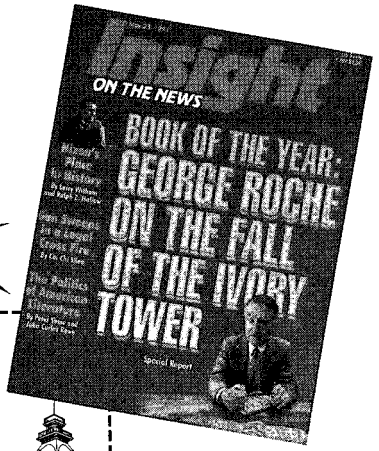

THE FALL OF THE IVORY TOWER
Government Funding, Corruption, and the Bankrupting of American Higher Education
GEORGE ROCHE
Foreword by Malcolm S. Forbes, Jr.

Regnery Publishing 259 pages Hardbound

This may be the *scariest* book you read this year.

And it's not about crime, drugs, or AIDS. It's about higher education.

FREE SHIPPING



ORDER TODAY BY MAIL OR CALL 1-800-437-2268
ORDER TODAY AND PAY ONLY $20. (Regularly $24.)
MI residents add 6% sales tax.

Name ☐ Mr. ☐ Mrs. ☐ Ms. ☐ Miss

Address

City/State/Zip ☐ Home ☐ Office

Order direct from Hillsdale College and save! Purchasers will also receive a free subscription to the monthly speech digest, *Imprimis*.

Mail book orders to:
The Hillsdale College Press
Hillsdale College
Hillsdale, MI 49242

HILLSDALE COLLEGE

The Fall of the Ivory Tower **is featured as "Book of the Year" in an *Insight* magazine special report.**

Balance Sheet

By Rick Henderson

Assets

Simple Pleasures. The push for a flat tax accelerates. Congressional leaders Bob Dole and Newt Gingrich appoint Jack Kemp to head a National Commission on Economic Growth and Tax Reform. The commission's goal: Develop a legislative agenda for the party including a single-rate income tax, cuts in regulations, and stable monetary policy. Meanwhile, presidential hopeful Sen. Arlen Specter (Pa.) proposes his own version of a flat tax.

Middle Movement. In publications from *Newsweek* to the *Los Angeles Times*, the myth of the vanishing middle class gets an unfriendly reception. A *Wall Street Journal* article suggests that the nascent microprocessor revolution will dramatically boost living standards for average workers. The American workforce will benefit further from collapsing trade barriers. Says Harvard's Jeffrey Sachs in the *Journal*, "We are in the midst of one of history's greatest expansions of market capitalism."

Swamp Thing. If at first you don't succeed....For the fifth straight year, Rep. Jimmy Hayes (D-La.) proposes sensible wetlands reforms. This time, they'll probably pass. His bill would exempt previously tilled farm land from wetlands regulations, separate ecologically valuable property from random puddles, and let landowners file for compensation when regulations "take" property. The Senate will consider a similar bill by Bennett Johnston (D-La.).

Beamed In. Paranoid about preserving the nation's "culture," the Canadian government shuts out U.S. cable channels. Under duress, DirecTV agrees not to connect its mini-satellite service to anyone with a Canadian address. Culture cops be damned, say Canadian entrepreneurs, who cross the border, buy mini-dishes, and sign people up for DirecTV using a U.S. maildrop as the billing address. *Forbes* says as many as 30,000 Canadians receive DirecTV signals.

Liabilities

Evolutionary Treatise. "Moderate" (a.k.a. statist) Republicans open the campaign to preserve their fiefdoms. Pols who oversee farm subsidies, public broadcasting, the Small Business Administration, and the National Endowments for the Arts and Humanities refuse to let GOP leaders zero out their projects. If the Republicans can't kill these turkeys, when will *anybody* dismember official Washington?

Misdiagnosis. Businesses rely heavily on managed care to contain medical costs. And Newt Gingrich isn't happy about it. At a meeting of the American Medical Association, Gingrich calls for congressional hearings to investigate the "accumulation of power" HMOs have gained in the delivery of medical services. But, as *Wall Street Journal* columnist Tim Ferguson notes, HMOs may be the only way to contain Medicaid and Medicare costs—unless we go to a single-payer system.

Rule Breaking. The Occupational Safety and Health Administration thumbs its nose at the House moratorium on regulations. (See "Slash and Burn?," May.) OSHA starts issuing rules on "ergonomics," a Bush-era bright idea that could cost job sites $21 billion to implement. Since a regulatory moratorium hasn't passed the Senate, OSHA bureaucrats may slip these expensive rules past fuming legislators and business owners.

Luddite Legions. The Fifth Conference on Computers, Freedom, and Privacy gives technology bashers center stage. CFP—an agenda-defining techno-gathering—is never a haven for backers of large corporations or big government. But this year's version features "The Case Against Computers," a panel with two deep ecologists, an on-line political activist, and left-wing guru Theodore Roszak. Inexplicably, the San Francisco-based conference ignores national identity cards, employer sanctions, and other issues linking privacy and immigration.

Pay-As-You-Smoke

Do cigarette taxes cover related social costs?

By Nick Gillespie

"TOBACCO COMPANIES MANUFACTURE their products and make large profits, then the taxpayers pay the costs for illness associated with those products," says Sen. Frank Lautenberg (D-N.J.). That's why he, fellow Garden State Sen. Bill Bradley, and Sen. Tom Harkin (D-Iowa), are pushing legislation quintupling the federal tax on cigarettes from 24 cents to $1.24 a pack and eliminating tax deductions for tobacco advertising.

The latest research on the subject, however, contradicts Lautenberg's contention. In a recent National Bureau of Economic Research working paper titled "Cigarette Taxation and the Social Consequences of Smoking," Duke University economist W. Kip Viscusi concludes that present state and federal cigarette taxes more than pay for social costs associated with smoking.

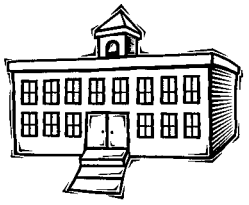
In fact, in a grisly twist, Viscusi finds that since smokers tend to die younger—and hence, draw less in Social Security, Medicare, and pension benefits—they actually save society money.

Viscusi's research confirms the findings of previous studies, but his is the first both to adjust for decreasing levels of tar in cigarettes and to include estimated costs for environmental tobacco smoke. (He notes in passing, "Calculating [ETS] estimates in no way implies acceptance of their validity.")

Current federal and state taxes on cigarettes average 53 cents a pack. In Viscusi's worst-case scenario, which takes "EPA estimates of...ETS risks at face value," the external costs per pack are 43 cents per pack. "As a consequence," writes Viscusi, "cigarette taxes already exceed the level of the estimated externalities."

Vouchers Cash In

School choice prospects are better than ever



By Ed Carson

JUST TWO YEARS AGO, SOME OBSERVERS were saying that education choice was dead after the crushing defeat of California's school voucher initiative. But vouchers are back.

"There are more serious legislative proposals for school choice than ever before," says Clint Bolick, executive director for the Institute for Justice, a libertarian/conservative public interest law firm. Arizona, Connecticut, Illinois, Ohio, Pennsylvania, and Texas are among the states considering voucher plans. And school choice supporters did well in the last election, gaining control of governorships and legislative seats in states where vouchers had lost narrowly in the past.

Connecticut's proposal would permit school districts to set up their own choice programs. Pennsylvania's Gov. Tom Ridge wants to make vouchers available to families making under $25,000 a year.

The country's only current public voucher program also is planning to expand. During the 1994–95 school year, the Milwaukee program provided 1,500 low-income students with scholarships to attend nonsectarian private schools. Now Wisconsin Gov. Tommy Thompson wants to let students use vouchers to attend religious schools as well. And he would eliminate enrollment caps by 1999.

Removing such restrictions is crucial to the program's success, according to a recent Reason Foundation study. The study compared Milwaukee's public voucher program to the city's privately funded Partners Advancing Values in Education. It found that PAVE students outperform their public voucher counterparts on standardized tests, even though they are from similar backgrounds. The difference, says the study, is choice. PAVE students can choose among 102 private schools, while the public voucher students can choose from only 12.

A federal district court has ruled that Thompson's proposal would violate the First Amendment. But Bolick, who is defending the plan in court, argues that ultimately the Supreme Court will uphold it.

Of course, just because several states are considering vouchers doesn't mean that any will pass. But Janet Beales, education policy analyst at the Reason Foundation and co-author of the Milwaukee study, says that voucher supporters need only one breakthrough to succeed. "All it's going to take is for one state to pass a full-fledged voucher program."

FREE **CBSI 486 Computer**

Earn $4,000 Per Month From Your Home With A Computer!

Begin part-time and still retain the security of your present position. This is a proven turnkey business an individual or couple can run. If you purchase our software and business program, we will give you the computer and printer. If you already own a computer, you may receive a discount. You do not need to own, or know how to run, a computer–we will provide free, home office training. Financing available.

Learn how other couples, and individuals like yourself, are building a lifetime income!

To receive free cassettes and color literature, call toll-free: **1-800-343-8014, ext. 1116**

(in Indiana: 317-758-4415) *Or Write:*

COMPUTER BUSINESS SERVICES, INC., CBSI PLAZA, STE. 1116, SHERIDAN, INDIANA 46069

STORM OVER

The West at war with itself
By Karl Hess Jr.

By every barometer of change, a storm is gathering over the Rockies. At a public-lands meeting in Denver, a Stetson-hatted, lizard-booted reincarnation of Patrick Henry excites a roomful of public-land ranchers and miners to a raucous, standing ovation. Flanked by fife and drum players in 1776 garb, the tall, lanky cowboy juts his weathered, angular chin out in defiance, points an accusing finger at an imagined, bigger-than-life federal bureaucrat and proudly proclaims, "This land is *our* land, not *yours*."

Twelve hundred miles to the west, county commissioners emboldened with visions of immortality test the waters of rebellion and independence in Nye County, Nevada. They put their John Hancocks on a document declaring that the federal lands in their county are by constitutional right the property of Nevada and by custom and culture the charge of local citizens. A thousand miles southeast in Catron County, New Mexico, a rabble-rousing rancher dares the Forest Service to take—as it has threatened to do—just one cow off

THE ROCKIES

RICHARD MARTIN

his leased public lands. He is certain he can count on his neighbors if the agency is loco enough to try. But just in case, stuck in the back of his frayed and faded Levi jeans is a loaded .44-caliber Magnum.

The West is at war. For now, volleys of angry, bitter words are what shatter the silence of deserts, prairies, and canyons. But the line between words and bullets is fuzzy in a part of the country where emotions run as big and volatile as the land itself. It is only a matter of time before a nervous Forest Service ranger fires in self-defense against a crowd of enraged stockmen or an aggrieved cowboy takes the ultimate act of revenge in a moment of passion. War is here. The only question is, Who is the enemy? Who is the West really fighting?

High Noon on the Western Range

By all rights, it *must* be the federal government. It's as clear as right and wrong in the archetypal West. On one side are the outnumbered good guys, the white-hatted few and brave whose principles triumph over evil against impossible odds. On the other side are the bad guys, the black-hatted many and contemptible whose lack of principles is their chief undoing. It's *High Noon*, *Shane*, and *Pale Rider* rolled into one: the lone cowboy, the underdog, in all his mythic glory facing down an evil and all-powerful force—a federal establishment of faceless bureaucrats and oppressive laws and regulations. It's the kind of imagery that draws our sympathies and on which most of us were weaned. It's a picture that makes good, common sense.

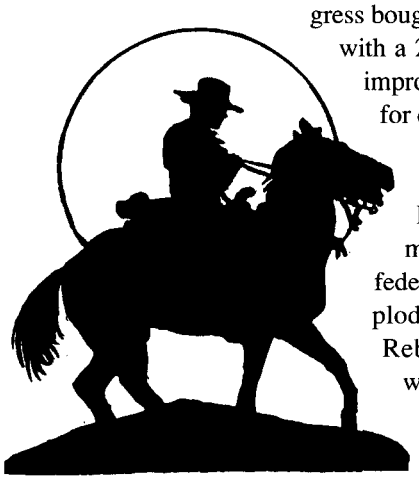
Look at the numbers and consider the odds. The federal government, not the winsome cowboy, is the classic land monopolist of western folklore. Half the West is owned lock, stock, and barrel by the feds, and in states like Idaho, Utah, California, and Nevada, Uncle Sam is the majority landlord. Making matters worse, the feds—like the evil land barons of Hollywood legend—are gobbling up more western land by the tens of thousands of acres every year, often by

ruthless means.

Look at resources. The grazing budgets alone of the two western land-managing agencies—the U.S. Forest Service and the Bureau of Land Management—are so large that they could buy out every public-land ranch in the West at fair market value over a period of four years. Look at the rules that govern public-land ranching. In the past quarter century alone, the pages of laws, regulations, and policies promulgated by Uncle Sam have come to dwarf the *Encyclopaedia Britannica*. Look at the numbers of people. The 28,000 men and women who ranch in the federal West are outnumbered by just the Forest Service and BLM employees who watchdog the people's land.

If there is a bigger-than-life western, it's got to be the public-land West. It's a tale as old as the republic, a story that recounts in a hundred ways the nation's epic struggles with big government. In the 1830s, John C. Calhoun fought to have federal lands ceded to the states in order to weaken the escalating power of the federal government. During the 1890s, western stockmen were up in arms over the federal government's decision (later reversed) to close forest reserves to grazing. Twenty years later, western governors, spurred on by regional anger over federally imposed grazing fees, demanded title to federal lands. At the cusp of the Great Depression, as ranchers and the Forest Service reached a standoff, President Hoover sought reconciliation by offering to transfer federal surface rights to the western states—an offer subsequently refused by western governors because it did not include mineral rights.

After World War II, western anger over federal domination seethed again, reaching the boiling point over federal grazing fees and culminating finally in a Senate bill to privatize the American West. The bill died a quiet death, though, largely because Congress bought off proponents of privatization with a 25-year federal spending spree to improve and restore federal rangelands for cattle and sheep. The Carter years brought the next showdown between ranchers and bureaucrats. Four years of mounting environmental regulation and expanded federal meddling in western affairs exploded in the celebrated Sagebrush Rebellion. By 1980, a half dozen western states were passing statutes that made claim to federal lands, and the West's 28,000 public-land ranchers were at the verge of armed conflict with the federal agencies. Reagan administration Interior Secretary James Watt, however, defused western resentment with a "good neighbor" policy aimed at resurrecting the status quo rather than privatizing the western range.



What is set forth by sagebrush rebels as a war of liberation from a domineering federal government may, in fact, be nothing more than a regional feud among warring siblings over which pampered child gets the federal spoils. Indeed, the West that we envision as wild and independent, as a refuge for the values that made America great, may, in truth, be nothing more than a federal creation—a legend bought and paid for with national taxpayer dollars.

Sagebrush Rebellion II, affectionately called Son-of-Sage by friends and foes alike, is underway today, sparked not by Clinton's green brigades but by the environmental legacy of the Bush years—such as "no net loss of wetlands." Today, it is simply amplified by the much-hated programs of Interior Secretary Bruce Babbitt, including his ill-fated attempt to increase federal grazing fees. Like past rebellions, it is a regional response to federal domination of local interests. And like the battles waged since the 1890s, it is led by the West's aristocratic elite—the romantic and mythical cowboys and ranchers whose social, political, and economic standing make them heirs apparent to the plantation aristocracy that ruled the South from Jefferson to Lee.

They are the symbols of the West, the bearers of the region's landed wealth and the elder spokesmen of a day and age when cattle were still king. They are the last western heroes, the ears that listen for the faint whistle of the 12 o'clock train and the eyes that count the minutes and seconds to High Noon.

Cowboys in a Federal West

So much for what we would like to believe. It's inspiring on the movie screen, it makes awfully good reading, but it's simply not good history. The American West, and its perennial wars with the federal government, cannot be summed up in a good guy/bad guy melodrama; the facts are more complicated than myths and symbols would suggest. What is set forth by sagebrush rebels as a war of liberation from a domineering federal government may, in fact, be nothing more than a regional feud among warring siblings over which pampered child gets the federal spoils. Indeed, the West that we envision as wild and independent, as a refuge for the values that made America great, may, in truth, be nothing more than a federal creation—a legend bought and paid for with national taxpayer dollars.

To understand the West, we must understand how the West differs from the eastern half of the nation in both the origins of its settlement and the causes of its economic growth. Up until the Civil War, life in the Old West—the nonslave lands that lay at the western edges of the original northern and mid-Atlantic states—followed the rhythms set by market forces and the guideposts decreed by a fierce commitment to individual rights and private property. Settlement, land use, and productive enterprise

were mostly the products of Adam Smith's invisible hand. Government meddling, particularly federal subsidies, was present, but only in the smallest of doses.

The New West, particularly the arid regions alongside and west of the Continental Divide, followed a different drummer. From the very start after the Civil War, the federal government orchestrated and controlled land settlement, land use, and productive enterprise in the Great American Desert. First, the U.S. cavalry created a clean slate in Lockean terms by removing Native Americans from lands intended for white settlers. (Native Americans in the Old West faced injustice too, but not the unabashed campaign of genocide made possible by a battle-hardened army.) Next, the cavalry built a network of military forts, many of which provided the nucleus of new markets to sustain marginal homesteads and struggling territorial governments. With the forts in place, settlers were then free to move westward, but with one caveat: They had to follow the scripts set by the Homestead Act of 1862 and all subsequent land settlement statutes.

The West was built on federal dollars. The interstate highway system that connects one patch of desert to another happened because federal dollars flowed easily. Employment skyrocketed because air force bases, scientific labs, and federal centers mushroomed overnight, because a slew of federal bureaus provided enough jobs to keep rural outposts from becoming ghost towns, because 10 times as many defense dollars were spent in the West as in the rest of the nation.

To make a long story short, under the rules set by politicians and ideologues in Washington, the West was never completely settled. In fact, not much more than a third of the West ever made it into private ownership. The bulk was kept by the federal government, with smaller parcels handed out to Indian reservations and state governments. By 1900, what was kept out of private hands by the feds teetered on the brink of environmental collapse: Forests were stripped of cover, rangelands were razed to the ground, and wildlife was decimated. On both private and public properties in the West, land and life (human and nonhuman) suffered immeasurably from decades of ecologically and economically perverse and destructive federal policies.

Today, the public-land West, the cause and cause célèbre of the region's standing war, is the ward and the mistress of the Forest Service and the BLM. But federal ownership, as one might guess, has not cured the ills that have plagued the region since first settlement. Defying the power of markets and logic, Congress and the land agencies have evolved a system of deficit logging and grazing that matches the worst excesses of centralized planning in the old Soviet Union.

Forests that gods themselves would find difficult and unprofitable to harvest are flagged and marked by Forest Service timber cruisers. And rangelands that have a market value of $30 per acre, and a forage value measured in cents, are treated like Manhattan real estate. Billions have been spent to turn them into Cadillac grazing fields, all for the sake of pushing the public lands' beef contribution to the nation from a paltry 3 percent to a skyrocketing 3 percent plus a small fraction. In the process, forests and rangelands with marketable values for recreation, water, and wildlife have been mindlessly clear-cut and overgrazed in the name of multiple-use management—the federal ruse for centralized planning.

This is where things begin to get sticky, and where the sagebrush argument starts to fall apart. When viewed in retrospect, the West has done remarkably well at the trough of federal beneficence. Not only did the feds pave the way for western settlement and industry, they also paid most of the bill for making the West livable and desirable.

They built the most inefficient and costly fire-fighting force on the face of the earth—that of the Forest Service—to protect individuals and communities foolish enough to build in the paths of natural fire. They constructed a system of water-holding and power-generating dams that in size and cost are among the great monuments to and wonders of the modern nation-state. Dams destroyed the legendary salmon runs of the past and turned the mighty Columbia, Colorado, Missouri, and Rio Grande rivers into shining examples of federal regulation and control, bringing subsidized crops to lands that were once desert and subsidized cities to places where once only buzzards dared to dwell.

The American West in all its magnificence was built on federal dollars. The interstate highway system that connects one patch of desert to another happened only because federal dollars flowed easily. Employment in the West skyrocketed because waterless shipyards were built on the arid plains of Colorado, because air force bases, scientific labs, and federal centers mushroomed overnight, because a slew of federal bureaus provided enough jobs to keep rural outposts from becoming ghost towns, because 10 times as many defense dollars were spent in the West as in the rest of the nation, and because 10 western states representing 9 percent of the nation's population controlled a fifth of the votes in the U.S. Senate.

What has happened to the West as a region has also happened to the public lands, though in more exaggerated proportions. The men and women who now lead the western rebellion against big government, and who openly defy federal authority on their ranches and in their communities, have built their empires on federal protection and federal dollars. For the better part of this century, the public-land West has been a government-created land-use monopoly reserved for less than 1 percent of the nation's citizenry. Outside of a recreational hike in the woods or a sporting hunt in the great outdoors, most Americans are precluded

from using federal lands in an economic way. Simply put, private individuals can make money from public land only by turning its grass into beef, its trees into lumber, and its mountains into mounds of processed rock.

Since most of us don't want to be ranchers, loggers, or miners, we're stuck. We can't compete with traditional uses and users on public lands by doing nontraditional things like marketing recreation, wildlife, and wilderness for a profit. It's the law of the old West—the rule of beneficial use that dictates that government, not markets, should set what can and cannot be done with western resources. Applied to public-land ranchers, the law of beneficial use has made grazing the dominant use on federal lands and, for some people, the most hated use.

Public-land ranchers can't be entrepreneurs; they must be stockmen. Whether they want to or not, they must graze their grass to hold onto their grazing permits. They can't fence off a desert stream from cattle to grow trout and collect fees for fishing; they can't use the grass they lease to raise bull elk to meet the insatiable demand of sportsmen for a once-in-a-lifetime trophy hunt; they can't set aside wildflowers to attract a variety of rare birds for paid bird watching; and they can't turn their grazing allotments into centers of potentially profitable eco-tourism.

By law, ranchers must treat federal lands as bovine buffets and livestock watering holes. "Use it or lose it" is the axiom here in the West. But that's not what rankles some people the most. What stirs the ire of environmentalists, recreationists, and sportsmen is that the federal government not only mandates grazing as a quasi-monopoly land use, but it helps ranchers to do it at levels that nature in its wisdom and economics in its prudence would never allow. Through myriad programs and subsidies, the federal government has made sure that cattle stay king on the western range, that free markets and the wishes of consumers do not get in the way of a century-long experiment in the social and scientific engineering of the American West.

The federal government not only mandates grazing as a quasi-monopoly land use, but it helps ranchers to do it at levels that nature in its wisdom and economics in its prudence would never allow. Through myriad programs and subsidies, the federal government has made sure that cattle stay king on the western range, that free markets and the wishes of consumers do not get in the way of a century-long experiment in the social and scientific engineering of the American West.

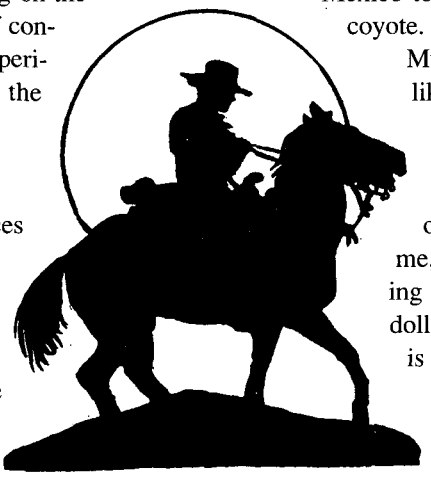
Pampered Cows

Only government in its infinite wisdom and resources could have created the means to make livestock raising in an inhospitable land a venture that is all but sanitized of risks. This has nothing to do with the so-called low, subsidized grazing fees charged to public-land ranchers. By spending $10 million since 1985 to study "fair-market grazing fees," the Forest Service and the BLM have lavishly yet inadvertently proven what reasonable people have known for several centuries—that government-set fees, however disguised as market equivalents, are still political, not market, outcomes. They are worth no more than the stock we place in the wisdom of the political process.

Pampered cows on the public range come about because of other, more real and harmful subsidies—federal programs that protect stockmen from both nature and themselves. Many of the programs apply to all ranchers, public and private, but their ecological impact (in terms of overgrazing) and their political significance (in terms of understanding a West at war) are most revealing in the federal domain.

Keep in mind that all federal-land ranches are made up of both public and private parts. A grazing permit—a stockman's license to graze federal property—requires commensurate private property. This condition links, indeed entangles, private and public lands in the West. It explains why grazing permits are economically valuable (but only, by law, to other stockmen): The private lands have the water to make dry federal lands usable and the public portions have the extra grass needed to make ranching operations economically viable.

For starters, government has seen fit to shield ranchers from all creatures, great and small. Federally funded trappers have worked for decades to purge the western range of wolves, bears, cougars, and coyotes that prey on domestic livestock. Not only must taxpayers shoulder the costs (about $30 million a year), but they must also pay a bill that is sometimes far greater than the value of the livestock that is lost. Thanks to government efficiency and the USDA animal damage control program, it's possible for you and me to pay $1,000 or more in places like New Mexico to shoot or poison a single sheep-eating coyote.



Much the same is true for little creatures, like grasshoppers and Mormon crickets, whose populations wax and wane in response to natural cycles and events. Again, the USDA comes to the rescue of western stockmen by making you and me, not the rancher, pay the costs of spraying rangelands with pesticides. Again, the dollar value of the grass saved by spraying is only a fraction of the cost of the pesticide and its application. But, of course, pitting the formidable might of the federal state against a few thousand

coyotes and millions of grasshoppers ranks right up there with taming the nation's great rivers: a noble and proper achievement for a government conceived in liberty. Government is stacking the deck, changing the calculus of costs and benefits to the distinct advantage of grazing and graziers in the public-land West.

Government also protects western stockmen from the nonliving elements of nature. The massive networks of dams on western rivers provide ranchers with predictable and cheap water, even in times of drought. But that is only a drop in the pork barrel. A more massive subsidy to both private- and public-land ranchers in the West is the USDA's emergency feed program—a subsidy that pays stockmen nationwide 50 percent of the cost of hay and grain to help keep their herds alive during the most catastrophic droughts.

Not surprisingly, the program has evolved—mostly under the Reagan and Bush administrations—into an entitlement program for dry years and wet. In New Mexico, for example, rainfall has been above average for five of the past six years, yet so has federal drought relief, averaging 15 percent of net ranching income. Nevada ranchers, the most vocal of sagebrush rebels and the most intent on kicking Uncle Sam out of the West, receive on average $18,000 per year for every man and woman in the program.

It's bad enough that emergency feed relief costs taxpayers $100 million to $500 million annually. It's even worse that emergency feed relief makes overgrazing on private and public lands both profitable and possible. Emergency feed payments sustain livestock numbers at 15 percent to 50 percent over the land's long-term capacity to grow grass. What this means is that ranchers run a grass deficit. Each year that they overstock and overgraze, their rangelands produce less grass, and with less grass their need for drought relief mounts. But as long as government payments for emergency feed grow as fast as the grass disappears, ranchers can stay in business, and even make a profit.

Most federal subsidy programs that apply to public-land ranchers are not founded on the pretense of natural catastrophe. For that reason, they are the most pernicious ones, the ones whose intent is to protect ranchers from their own bad judgments and from the glaring defects and perverse incentives of socialized grazing. For example, the federal government returns 50 percent of all grazing fee receipts to the ranching community to pay for purely private benefits such as fences and watering holes. Since the grazing programs of both the Forest Service and the BLM now operate at a deficit close to $200 million a year, these subsidies—amounting to almost $20 million a year—are paid for by taxpayer, not rancher, dollars. That they are needed at all, of course, speaks volumes on the foibles of socialized grazing: Lacking title to the lands they graze, public-land ranchers have no incentive to spend their own money on range management.

The Vale Rangeland Rehabilitation Program was a bust. The cost per acre to implement the program was $75—about $10 more than the market value of an acre of native rangeland. Further, the additional grass created by the program had a price tag four times its market value. Ecologically, the Vale project fared even worse. By 1986, brush was reinvading, grass productivity was falling, streams were still mostly degraded, and wildlife was no better off than before.

The mother of all public-land grazing subsidies is the special appropriations that Congress started handing out to public-land ranchers in the late 1940s as a way to placate western anger. A prime example is the Vale Rangeland Rehabilitation Program that took place from 1963 to 1985. Overgrazed for years and in extremely poor condition, public lands in the BLM's Vale District were scheduled for deep cuts in stocking. To avoid the cuts, ranchers, politicians, and the BLM persuaded Congress to pay for a massive range restoration program that would allow local stockmen to keep their herds and livelihoods intact. After spending $56 million (1992 dollars), or just over $300,000 per public-land rancher, the BLM declared the project a success. Was it?

Economically, the Vale project was a bust. The cost per acre to implement the program was $75—about $10 more than the market value of an ordinary acre of native rangeland. Further, the additional grass created by the program had a price tag four times its market value. Indeed, if the government had simply bought out every public-land grazing permit in the project at fair market value, it could have saved taxpayers about $10 million.

Ecologically, the Vale project fared even worse. By 1986, brush was reinvading, grass productivity was falling, streams were still mostly degraded, and wildlife was no better off than before. By 1994, the project had unraveled. Public-land ranchers in Vale's BLM district received emergency feed checks ranging from $35,000 to $50,000 apiece for the simple reason that there was no grass left. Millions had been spent to simply traverse a circle, to end up at the beginning. The public grazing system that had created the crisis in the first place was still intact and the chronic overgrazing of the past was uncured.

The West at War With Itself

With whom, then, is the West warring? Is the enemy really the federal government? Are sagebrush rebels prepared to risk the status quo by severing federal ties? Are they willing to dismantle the public institutions and subsidies that have made and continue to make cattle king on the western range? Are they willing to bring down the federal barricade that has protected much of the West from free-market forces—from consumer demands pressing for more recreation and wildlife and fewer cows and sheep? A look at the record suggests a disappointing *no*.

In the late 1940s, stockmen showed no qualms when they

traded calls for privatization for calls for congressional appropriations—pure pork that grew over the years into hundreds of millions of dollars. By 1980, not much had changed, except that stockmen were no longer bothering with the charade of privatization. In fact, they fought privatization tooth and nail. They shot down President Reagan's modest attempt to sell the most marginal federal lands, a program called asset management. Nevada public-land ranchers, with the blessing of Interior Secretary Watt, joined hands with members of the Nevada chapter of the Sierra Club to kill the program. What stockmen wanted, and what they got, was not less government but the right dose of government to secure their public-land standing and to sustain a long tradition of federal largess and protection.

Today, Son-of-Sage moves along a similar path. True, calls for privatization can be heard, but most of the sagebrush agenda is aimed at making sure federal lands stay safe for ranchers and ranching. Privatization is simply too risky—and likely too costly given the political options. It's cheaper and more effective to have lobbyists fire away at federal proposals to increase grazing fees and regulations. It's safer for public-land ranchers to abstain from discouraging words that cast aspersions on the institutions and subsidies that define and sustain their world, and that return to some of them 10 times what they pay in grazing fees. Rather than gamble on freedom from government, sagebrush rebels instead grope for governmental solutions.

Calls for privatization can be heard, but most of the sagebrush agenda is aimed at making sure federal lands stay safe for ranchers and ranching. Privatization is simply too risky—and likely too costly given the political options. It's cheaper and more effective to have lobbyists fire away at federal proposals to increase grazing fees and regulations. Rather than gamble on freedom from government, sagebrush rebels instead grope for governmental solutions.

States' rights is the prime example. The chorus of the Sagebrush Rebellion is to give the federal lands to the western states, as if state socialism would be less malicious and more efficacious than the federal brand. To their credit, some sagebrush rebels argue that once in state hands public lands could be more readily privatized. It's an interesting idea, but it begs the question: If privatization is the goal, are we to assume that members of Congress who oppose it would be naive enough to vote for a program of state ownership that is nothing but a veiled attempt at full divestiture? Further, assuming that the western states would even accept the federal lands—something they have so far been less than enthusiastic about—would the sagebrush rebels really push privatization or would they simply settle for a new landlord closer to home and more susceptible to local control? Given the past, there is good reason to think that stockmen would indeed settle short of privatization, especially if they could get the kinds of political concessions from state government that they have not gotten from Uncle Sam.

Other pieces of the sagebrush agenda suggest that government *in principle* is not the West's main enemy. For example, an essential part of the rancher rebellion is the so-called county movement, a grassroots attempt to transfer control, if not ownership, of federal lands to rural western counties. Heavily influenced by Wayne Hage's book, *Storm Over Rangelands*, proponents argue that public-land ranchers have a lawful claim to some of the property rights that make up the federal West. They believe that a century of federally sponsored grazing has given stockmen a common law use-right to public lands. They stake their claim in the supposed inviolability of the "custom and culture" of livestock grazing, and they look to county government as the political muscle to enforce and safeguard it. Stripped of its exotic theories and fine legal points, what this idea amounts to is the sanction and protection of a traditional way of life by local government.

Public-land ranchers probably do have a claim to some of the rights on federal lands. After all, most of them bought their federal grazing permits and paid a price set by the market. However, the county movement is not really about a small stick in the bundle of federal property rights; it is about preserving a way of life that is now threatened by change. For example, ranchers in Bonner County, Idaho, persuaded a majority of county commissioners to pass a land-use plan that declared ranching and logging the county's custom and culture. A state district court nullified the law because the majority of citizens in Bonner County, who are neither ranchers nor loggers, were purposefully excluded from the planning process.

Worse yet, in Catron County, New Mexico, county leaders have threatened to outlaw big-game ranching because, they claim, it would undermine the custom and culture of cattle ranching. And county commissioners have passed an ordinance requiring environmentalists—who are rightly perceived as enemies of the county's custom and culture—to register at the county courthouse. At the same time, the county has petitioned Bruce Babbitt to transfer federal funds intended for the Forest Service directly to county coffers so that county commissioners can manage and control the public domain.

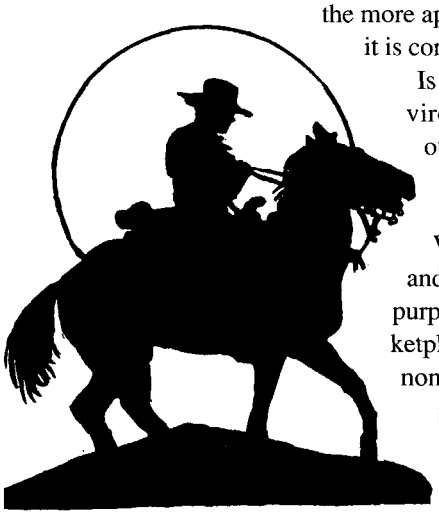
Once again, government is fine so long as the reins of control are in the right hands. That explains why stockmen, from the Canadian to the Mexican border, are using county government to limit property rights to raising cows and free-speech rights to the advocacy of a ranching way of life. It also explains my profound disappointment after spending a year working with Catron County residents and speaking to communities throughout the West in an effort to put the county movement on a free-market track.

The West is indeed at war, but not with the federal government. It is tragically at war with itself, for beneath the glamour of the Marlboro Cowboy is an unsettling demographic fact: The West, paradoxically, is the most urbanized region of the nation. It has a sparse and tiny rural population; Nevada, for example, has 90 percent of its population in its three major urban centers. The bulk of the people of the West, whether living in cities or rural areas, are *urban* men and women. Their custom and culture is defined by the automobile, not the horse; by the finely sauteed filet, not the steer; by the shopping mall, not the local rodeo; and by the virtual reality of the computer, not the communal reality of a back-slapping, rural western bar. In contrast, the custom and culture of ranching is hanging on by a slender thread, and the Sagebrush Rebellion may well be its last hurrah.

What the urban West wants from the region's public lands is not what the rural West is willing to give. The economies of the urban West are sufficiently diversified that the desire for federal programs and subsidies will likely diminish with time. Yet the rural, ranching West remains immune from change; it remains tethered to the federal trough and stubbornly resistant to the market signals that emanate from the urban West crying out for something other than the status quo.

A hundred, or even 50 years ago, federal institutions and subsidies that kept cattle king were acceptable to westerners. City and country folk alike shared common values and a common regard for government's role in the region's economy. That commonality is gone today. What the urban West wants from the region's public lands is not what the rural West is willing to give. The economies of the urban West are sufficiently diversified that the desire for federal programs and subsidies will likely diminish with time (and with the political reality of a Republican Congress).

Yet the rural, ranching West remains immune from change; it remains by law and tradition tethered to the federal trough and stubbornly resistant to the market signals that emanate from the urban West crying out for something other than the status quo. But the more the sagebrush rebels defend the old system of privilege and subsidies, the more glaring its inequities become, and the more apparent it is to all but them that it is corrupt and beyond salvage.



Is it any wonder that western environmentalists, sportsmen, and outdoor enthusiasts have fought ranchers so hard for so long? They, like the rest of the urban West, can't buy grazing permits and then use them for their own purposes. They can't use the marketplace to reach outcomes that are noncoercive. What they can and must do, however, is pay the taxes that sustain grazing at its current levels; they must finance the subsidies that generate non-market outcomes, that raise their blood pressures, and that severely restrict their options for action.

Urban and nonranching westerners have no choice but to play politics with half the West's land if they are to influence its future use. They are constrained by law and tradition to demand more and more government so that their voices can carry more and more weight in a public never-never land bereft of markets, private property rights, and voluntary channels. That's how multiple-use management works. It's the law of the West, the legacy handed down to all Americans by a century-and-a-half of federal social and environmental engineering.

This is why the West is at war with itself. One half of it, the landed part, is entrenched in federal protection and the other half, the urban part, is powerful enough to turn the federal might against the vastly outnumbered cowboy. But all the federal might in the world cannot and will not unravel the Gordian knot of how best to allocate the West's resources—the rivers, rangelands, and mountain peaks that are the sources of its livelihood, happiness, and identity. Well-intended government has failed to do so in the past, it is failing now, and it will fail in the future.

That explains, in part, the ubiquitous rise of intolerant environmental groups like Earth First! who have come to the public-lands scene with radical agendas to shoot cows and, if necessary, to shoot ranchers. They are simply the mirror reflections of the rabble-rousing rancher with a .44-caliber Magnum tucked in the back of his jeans. With markets nonexistent, land uses monopolized, property rights in limbo, subsidies suspect and challenged, and government an abysmal failure, what alternative is there to war in the West? Is it not amazing that to date only words have shattered the fragile calm of deserts, prairies, and canyons?

Clearly, until ranchers and environmentalists—the rural and the urban West—see the origin of internecine warfare for what it is, a storm will continue to gather over the Rockies. Nothing will change, there can be no peace, unless and until ranchers say no to government *in principle*, until environmentalists say no to government *in practice*, and until both warring parties willingly embrace markets and true self-governance for a freer, Next West. ®

Karl Hess Jr. is a western writer affiliated with the Cato Institute in Washington, D.C., and the Foundation for Research on Economics and the Environment in Bozeman, Montana. He lives in Las Cruces, New Mexico, and he is now completing his third book, Deep Markets & the Rebirth of Environmentalism.

CIVIL SUITS

MARC MICHELON

"Loser-pays" makes lawsuits fairer in Europe. It could work here, too.

By Walter Olson

It's "draconian" and "frightening." Anthony Lewis of *The New York Times* finds it "extremely intimidating." *The Washington Post* says it's a "tremendous" barrier to legal action, and the American Bar Association has fits over its "attack on access to the courthouse."

Almost everyone seems to agree that a loser-pays rule for lawsuits, an idea floated in the GOP Contract with America, would be terrifying. Even in the modified form that passed the House of Representatives in March—which would require some federal litigants to pay a portion of legal costs if they turn down a settlement offer and do less well at trial—the idea has been attacked as overly harsh. How could the middle class—not to mention the lower class—use the courts if people who lost on a fluke had to pay their opponents' legal fees? Wouldn't they drop even valid suits?

A closer look shows that the actual practice of loser-pays abroad bears little resemblance to the bogey version used to frighten Americans around campfires. No system is perfect, and all litigation carries risks for the innocent, which is one of many reasons for society to discourage it. But as millions of well-informed Europeans see it, loser-pays isn't nearly as terrifying as the way we sue in this country, where lawyers can lay your life to waste and the system will leave you no recourse at all.

If someone drags you to court and costs you plenty in legal fees, and you finally show you were right, why should they walk away? If they'd hurt you in any other way, wouldn't they have to compensate you?

Loser-pays is the standard in England, so it is sometimes known as the "English Rule." It is thus often spoken of as if it were some Beefeaters-and-warm-beer eccentricity of the Sceptered Isle. But it has no special connection with England. It has prevailed for millennia in Europe, developing early in Roman law and spreading from there to the civil law systems that evolved all over the continent and became codified in France, Germany, and elsewhere around the time of Napoleon. It even developed in the church courts. Scandinavia, like England, does not trace its civil procedure to the Romans but nonetheless has loser-pays.

The rule's ubiquitousness should give its critics pause. If loser-pays is impractical, why has it lasted in so many places for so long? If it's rigid and historically contingent, how has it endured as philosophies of governance have come and gone? If it's just a way for the rich to grind down the poor, what is it doing in such social democracies as Sweden, Denmark, and the Netherlands? If it grips the middle class with fear, how do the burghers of Geneva, Sydney, and Toronto stand it?

Balance out the rule's theoretical vices with its virtues. The first is fairness. If someone drags you to court and costs you plenty in legal fees, and you finally show you were right, why should they walk away? If they'd hurt you in any other way, wouldn't they have to compensate you?

The practical case for loser-pays is equally compelling. Litigants naturally think too well of their cases; loser-pays pushes them to size up their prospects more realistically. It also curbs the brand of extortion, so routine in American law as almost to have lost its ethical taint, by which lawyers use the costs of the process itself, or the risk of a fluke outcome found in any trial, to strong-arm their opponents into settlement. Such abuse runs in both directions: Many plaintiffs with shoddy claims get paid off, while many defendants who are liable as charged get off with paying less than full freight by threatening to inflict the cost of trial. Thus valid legal claims are often paid earlier and more fully in Europe than here. Although the ABA calls loser-pays a "tax on the right to litigate," it could just as easily be called a subsidy for litigating in a rightful cause.

Society has good reason to discourage unnecessary litigation. Aside from their appalling expense, lawsuits are acrimonious and divisive, a breach of the social peace. They may be an inevitable part of life, but they needn't cost as much as here, and in fact they cost far less in Europe. Liability insurance also costs less there, as a share of the economy, by a factor of two-and-a-half or three to one, resulting in big savings for drivers, municipal taxpayers, business owners, and so on. Lawyers are far fewer in number and less powerful.

The only other major exception to the general prevalence of loser-pays is famously nonlitigious Japan. Yet Japan curbs suing by even stronger measures. For example, it charges a fee for lawsuit-filing that is proportioned to the claim of damages, so that the more a plaintiff says he deserves, the more he must pay up front. (If the ABA wants a genuine example of a "tax on the right to litigate," there it is.)

Occasionally someone tries to change or get rid of loser-pays abroad, especially in English-speaking countries where American legal academics (and the fabulously successful American bar) are most influential. But thus far such efforts have only pointed up the rule's durability. Scholars in country after country are well aware of the American alternative and consciously reject it. And with reason: Public outcry over litigation rises to the heavens from our side of the Atlantic, not theirs. European parties have not made a stir lately by campaigning on the need to reform civil procedure, as the Republicans did here.

For years the most prominent American voices for loser-pays have not been conservatives at all. They include Editor in Chief Charles Peters of the neoliberal *Washington Monthly* ("extortion suits would be quashed....This would mean less work for lawyers and fewer of them"); commentator Michael Kinsley ("*would* actually encourage lawsuits that are clearly meritorious"); Steven Brill of *The American Lawyer* and Court TV ("simple, and overdue"); and James Fallows, writing in January in the not-exactly-Gingrichite *New York Review of Books* ("overdue").

Loser-pays is often mistaken for a double-or-nothing bet: If a suit wins, goes this reasoning, it must win bigger than it does in the United States, while if it loses it must crash in flames. The actual practice is far subtler. Most cases turn on more than one issue, and European courts commonly split the fee pot according to who prevailed on what. Thus a fee award may consist of the net of various line items, added to or deducted from the plaintiff's award as the case may be.

One crucial result is that the litigant with a genuine case risks an offsetting penalty if (as is common here) he stretches the case out by adding less-tenable theories. Even a litigant who squarely wins on the merits can pay a fee offset if he has filed losing motions or made the opponent go to other sorts of needless trouble. Hence each side is pressed to fold its weaker positions.

European courts also come down hard on the Yankee practice of blowing up routine injuries into whopping cash demands. The litigant who claims a million marks or francs in damages but proves only a hundred thousand is deemed to have lost at least in part, and some lump of fees will be deducted from his award. (Various rules deal with the special cases where damages cannot be precisely calculated.) England's "pay into court" rule serves a similar function: If a plaintiff turns down a settlement offer and does worse at trial, the plaintiff has by definition not prevailed for purposes of fees incurred after the offer.

The overall terror level in the courts would go down, not up. And a narrowed dispute will normally be more cheaply and speedily resolved than one bounded only by the limits of imagination and ambition.

Thus (a Swiss law professor explained to me) when a Zurich or Frankfurt accident victim walks into the office with a good case, the first order of business after establishing the case's merit is to figure out what is a reasonable amount of money to request, based on what the courts have given for similar injuries. Asking for more could risk a fee penalty. An American lawyer who handled a case that way would probably be sued for malpractice or disbarred on grounds of insanity.

By putting no price tag on the levying of extreme demands, we in this country foster terrorization on matters of substance. Defendants are encouraged to think they're betting the company on every case, though the resulting intense resistance makes it grueling to prosecute claims. Loser-pays would cool overheated demands, get concessions on the table, and curb the purely tactical use of procedural options. The overall terror level in the courts would go down, not up. And a narrowed dispute will normally be more cheaply and speedily resolved than one bounded only by the limits of imagination and ambition.

A common fear about loser-pays is that the side who loses a routine dispute will get handed a bill for 10,000 hours from Cravath, Swaine & Moore. But European courts are well aware of the danger that successful litigants will overinvest in their cases and gold-plate their fee requests. They carefully control the process to prevent that danger, giving the losing side a full chance to dispute a fee award, requiring that work be reasonable and necessary, providing that elite lawyer rates not be paid if a Main Street lawyer could have done the job, and so forth.

Although fee awards are usually set high enough to apply serious incentive pressure, it is notable that no country appears to let winners recoup all the money they have spent on a suit. Some leave a portion of lawyers' hours unreimbursed, while others apply hourly rates that fall below prevailing levels. Some shift expert witness fees, but others do not. (Sweden and Norway require that losers compensate winners for the time and energy spent on forced attendance in court.)

Because winners are reimbursed in meaningful part but not completely, losing European litigants pay less than full value for the damage they've done. Thus they get off easy compared with Americans who've accidentally hurt a fellow citizen to a similar extent in the outside world. After all, European lawsuit losers do not pay for the intangible or future harms their opponent may have suffered, such as emotional distress, professional disruption, and so forth. Middle-class Americans who make a false move and get sued face those kinds of liability exposures every day—sometimes along with punitive and triple damages—and no one in the law schools or the ABA sheds a tear for them. Ranged against the other terrors of litigation, an obligation to pay mere fees is mild stuff indeed.

In practice it seems to be even milder. In Europe, as here, nearly all cases settle short of a final judgment, and the main effect of loser-pays is to influence the nature, level, and timing of the settlement—reducing, perhaps to zero, the value of long shots, while increasing the value of some with a good chance of prevailing. Critics say some English plaintiffs have sweated about the risk of losing their house along with their case. But other reports from England suggest that big institutions that get sued, eager to close the books on their own liability and avoid further legal process, are commonly glad to settle with a losing individual plaintiff for a token fee payment or none, especially if they feel he has litigated in good faith; these defendants nonetheless credit the rule as a strong deterrent to unfounded suits against them.

If the goal is to keep unlucky litigants from losing their houses, unfortunately, our current rules fall short. American law-

yers really do go after their own clients' houses to collect fee *bills*, especially in matrimonial cases, just as they really do go after their opponents' houses to collect verdicts, including doctors' houses in malpractice cases where insurance is absent or exhausted. Not long ago, lawyers tried to seize the house of 92-year-old Vermont widow Luella Wilson, whose sin had been to lend her great-nephew the money to buy a car that he later crashed. Litigation is brutal that way, which is a reason to pause before embracing it as a remedy for social ills.

One way Europeans have adapted to the residual risks of loser-pays has been through personal legal expense insurance, which covers a variety of legal risks including that of finding oneself a plaintiff in a lawsuit. The aggrieved party takes his case to his insurer, which, if it finds the case strong, provides a lawyer and absorbs the risk of owing the opponent a fee. Such insurance, which is often made part of homeowners' or renters' policies along with standard liability coverage, reportedly covers more than half the citizenry in some European countries. It is said to be very cheap, no doubt owing in part to its somewhat self-financing quality: If the insurer screens cases carefully, it will collect more in fees for its lawyer than it will pay to winning opponents.

Defendants pay plaintiffs' legal fees when they lose, but they do not collect payment for their legal fees when they win. This heads-I-win, tails-we're-even idea indeed penalizes people for asserting their legal rights.

Official legal-aid funds also help would-be litigants abroad. Their success, like the insurers', partly derives from their chance to obtain fees from opponents if they pick cases skillfully. Despite the claims of some American critics of loser-pays, however, these funds are by no means the only way ordinary Europeans can get into court. Recent figures show only 28 percent of English injury plaintiffs receive legal aid, meaning that 72 percent do not.

How does loser-pays affect big companies and other institutional litigants, which may not quake at the fear of paying any one set of fees? Some critics have claimed that such entities might be inert to the rule's incentives: A handout from Ralph Nader's Public Citizen and other anti–loser-pays groups says companies would "simply factor the projected costs of future legal fees into their day-to-day costs of doing business."

Yet Wisconsin political science professor Herbert Kritzer, an opponent of loser-pays who studied the rule's effects on Ontario businesses, found what he called a "striking" linkage between "the quality of a party's case" and its fear of a fee shift. Interviewing Toronto businesspeople and their lawyers, he was told such things as: "Fee shifting is one of the deterrents to pursuing a losing case." "The cost system discourages frivolous litigation. ...People think out the quality of a case before proceeding." "In many cases, cost factors are decisive in whether you settle, go to trial, or even initiate a matter." "Fee shifting forces people to be more realistic about what they want to accomplish." "Costs have a calming effect."

Few critics of loser-pays really hew to the so-called American Rule. For years Congress has blithely enacted hundreds of laws incorporating one-way fee-shifting: Defendants pay plaintiffs' legal fees when they lose, but they do not collect payment for their legal fees when they win. This heads-I-win, tails-we're-even idea indeed penalizes people for asserting their legal rights even with the utmost good faith in the closest of cases. Yet it has by now been installed in countless laws with a civil rights or environmental label. And you guessed it: With scarcely an exception, the same lawyers, legal academics, and bar officials who profess horror at two-way loser-pays are fans of the one-way version. The inconsistency glares. If the fluke chance of losing will scare middle-class litigants out of a good case and into a bad settlement, then it must do so when they get sued, and not only when they sue.

The American public itself seems not to be as terrified of full loser-pays as its lawyers. Even when *U.S. News and World Report* asked the question in its more menacing form—"If you sue someone and lose the case, should you pay his costs?"—a far-from-shabby 44 percent of those polled agreed that they should. And with sides reversed, nearly everyone saw the idea's fairness. "If someone sues you and you win the case, should he pay your legal costs?" Eighty-five percent said yes to that one.

Are America's litigators, like Congress, willing to live by the rules they set for everyone else? For years they have relentlessly fought to expand the frontiers of liability, hunting down the members of every other profession and business and asking them to pay for damages they might have prevented. It hasn't seemed to matter how many well-meaning persons have been thereby left in terror of legal jeopardy or how much useful activity has been halted as a result.

Now these litigators' own maxims may be turned against them. If accountability, deterrence, and compensation are such fine things, why shouldn't there be compensation for the people they injure?

You can see why they might find that idea frightening.

Walter Olson is the author of The Litigation Explosion *and a senior fellow at the Manhattan Institute. He testified before Congress in favor of loser-pays in February.*

- **Do public schools succeed in creating obedient supporters of the welfare state?**
- **Would vouchers only make a bad situation worse?**
- **Should public schools be abolished, not reformed?**

A Conservative Book Club Selection!

Separating School & State

by Sheldon Richman

Senior Editor at the Cato Institute

$14.95 softcover
$22.95 hardcover

Mr. Richman is right to fear that state education undermines personal responsibility. I recommend ***Separating School and State.***
—Michael Prowse
(London) **Financial Times**

A truly engaging and original book.
—**The Michigan Review**

A dynamic new book on compulsory education.
—**The Tropical Homeschooler**

A thrilling book. An exhilarating vision of how much better off everyone will be with 100% private, voluntary education.
—**Laissez Faire Books**

Timely, brilliantly argued, and consistently on the side of the angels.
—**Robert Higgs,** *author of* ***Crisis and Leviathan***

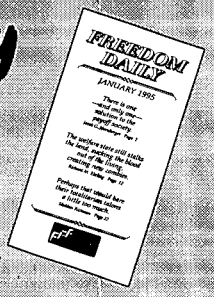
This book makes a powerful contribution.
—**Professor Walter E. Williams**
John M. Olin Chair in Economics at George Mason University

This is educational polemics at their most bracing.
—**Booklist**

ORDER FORM

Freedom Daily

Are you tired of soft-pedaling approaches to freedom?
Then you're ready for Freedom Daily!



When it comes to liberty and principles, we don't compromise. Perhaps that's why MILTON FRIEDMAN said: "FFF is doing good work and is making an impact." (*Liberty*, 7/91, p. 20) Or why the late MURRAY ROTHBARD said: "FFF is not afraid to tackle controversial issues and to hew strictly to principle." Or why Laissez Faire Book's ANDREA RICH says: "FFF always reminds us of the moral arguments for freedom, not just the practical ones."

For only $15 a year ($20 foreign), we'll bring you the hardest-hitting, most uncompromising libertarian publication you have ever read.

The Case for Free Trade and Open Immigration

edited by Richard M. Ebeling and Jacob G. Hornberger

New!

Order Now!!
Only $9.95 softcover
$17.95 hardcover

published by The Future of Freedom Foundation
11350 Random Hills Road, Ste. 800-A, Fairfax, VA 22030
(703) 934-6101/FAX: (703) 803-1480

"Marvelously explained here. Trade enriches, and more immigration benefits the United States. Read it and cheer."

—Julian Simon
*Author of **The Economic Consequences of Immigration***

"Critics of free international trade will not like this book at all. Hornberger and Ebeling have assembled a collection of articles that are easy to read and understand. These articles seek to introduce elements of truth and good sense into a public policy debate that has been dominated by critics who have been selling their nonsense to industry interest groups with the highest bid for protection from market forces."

—Richard B. McKenzie
Walter B. Gerken Professor of Enterprise and Society
University of California, Irvine

*"The release of **The Case for Free Trade and Open Immigration** could not be more timely. With the consensus in favor of open borders perhaps under greater attack than ever before, this book should help convert Americans to the cause of a genuinely free world."*

—Doug Bandow
Senior Fellow, Cato Institute
*Author of **The Politics of Envy***

"The authors make clear how import restrictions undermine America's living standards by making thousands of consumer products needlessly more expensive. They also make clear why today's immigrants—both skilled and currently unskilled—are every bit as important as the fabled immigrants who made America great during the 17th, 18th, 19th and early 20th centuries. Bravo!"

—Jim Powell
Laissez Faire Books

THE FUTURE OF FREEDOM FOUNDATION

The Future of Freedom Foundation
11350 Random Hills Road, Ste. 800-A
Fairfax, Virginia 22030
(703) 934-6101/FAX: (703) 803-1480

ORDER FORM

Please send me:

- ☐ *Freedom Daily* subscription ($15 per year/$20 foreign)
- ☐ *Separating School & State* ($14.95 softcover/$22.95 hardcover)
- ☐ *The Case for Free Trade and Open Immigration* ($9.95 softcover/$17.95 hardcover)
- ☐ *The Dangers of Socialized Medicine* ($7.95)

Book Orders: Add $2.00 for S. & H.

☐ Enclosed is my (tax-deductible) donation of $ _____.

Name _____
Address _____
City _____
State/Zip _____

☐ Check enclosed
VISA/MC _____
Expiration date _____

Milton Friedman reminisces about his career as an economist and his lifetime "avocation" as a spokesman for freedom.

Interviewed by Brian Doherty

BEST OF BOTH WORLDS

Milton Friedman needs little introduction. His career as one of the world's preeminent economists and advocates of freedom has won him many accolades, best-selling books, and a Nobel Prize.

It has also brought him much satisfaction. Now, in what he is acutely conscious are probably the last years of his life, he and his wife and longtime writing partner Rose Friedman are working on their memoirs.

I met Friedman in January in his elegant high-rise San Francisco condo, with an absorbing view of both the Pacific Ocean and the San Francisco Bay. His study is filled, but not cluttered, with his own books and economics reference works. While some Great Men in his position in life might refuse nuisances like interviewers entirely, Friedman is friendly and mostly forthcoming, speaking with the slow assurance of a lifelong professor and teacher very comfortable with explaining things. He welcomed me cordially but with a distinct set of limits, both in time and in subject matter. He has a large project to finish, and not much time to finish it in; and he refuses to psychoanalyze himself, largely avoids indulging in discussion of personalities, and wants to save some stories for his memoirs.

Friedman is used to discussing policy, but except for his assessment of the new Congress's potential, we wandered far afield into reminiscence; assessment of his intellectual development; and his thoughts on the history, significance, and successes of the intellectual movement for freedom that he has served so staunchly.

CATO INSTITUTE

Reason: You've long advocated many of the ideas the new Congress is pushing, such as balanced budget amendments and flat taxes. Do you think Congress will make your dreams come true?

Milton Friedman: I'm skeptical. The talk is good. But I expected so much out of the Reagan administration and was disappointed. I'm a great admirer of Ronald Reagan himself, and I suspect he would have gotten much more done if it hadn't been for the Cold War and the problem of Nicaragua and El Salvador.

But nonetheless, there's no doubt that while he talked about cutting down the size of government, he did not succeed. He did slow it down—you've got to give him credit for some achievements. But not the massive reduction that he hoped for and planned for. That makes me hesitant now.

Congress wants to talk in this direction. Would they really want to move in that direction? The most important reform would be term limits, six-year limits. Because from an economic point of view, one of the worst features of our system is that you have a new tax law every year or every two years. However bad the tax law is, if you didn't change it for five years it would do less harm. Why do you keep changing it? Because that's the most effective way to raise campaign funds. Lobbyists will pay you to put loopholes in; they will pay you to take them out.

"One of the worst features of our system is that you have a new tax law every year or every two years. However bad the tax law is, if you didn't change it for five years it would do less harm. Why do you keep changing it? Because that's the most effective way to raise campaign funds."

If you can get a flat tax with no exemptions or deductions—the Armey plan I suppose would be fine—its main advantage would not be the greater equity of a flat tax or less interference in private incentives. It would be to end this business of changing the whole tax system every few years and keeping prosperous these hordes of tax lawyers.

Reason: You were involved in the development of the withholding tax when you were doing tax work for the government in 1941–43?

Friedman: I was an employee at the Treasury Department. We were in a wartime situation. How do you raise the enormous amount of taxes you need for wartime? We were all in favor of cutting inflation. I wasn't as sophisticated about how to do it then as I would be now, but there's no doubt that one of the ways to avoid inflation was to finance as large a fraction of current spending with tax money as possible.

In World War I, a very small fraction of the total war expenditure was financed by taxes, so we had a doubling of prices during the war and after the war. At the outbreak of World War II, the Treasury was determined not to make the same mistake again.

You could not do that during wartime or peacetime without withholding. And so people at the Treasury tax research department, where I was working, investigated various methods of withholding. I was one of the small technical group that worked on developing it.

One of the major opponents of the idea was the IRS. Because every organization knows that the only way you can do anything is the way they've always been doing it. This was something new, and they kept telling us how impossible it was. It was a very interesting and very challenging intellectual task. I played a significant role, no question about it, in introducing withholding. I think it's a great mistake for peacetime, but in 1941–43, all of us were concentrating on the war.

I have no apologies for it, but I really wish we hadn't found it necessary and I wish there were some way of abolishing withholding now.

Reason: You've also had some history of advising candidates and presidents. How did you get involved in the Goldwater campaign?

Friedman: Through Bill Baroody at the American Enterprise Institute. The American Enterprise Institute was originally the American Enterprise Association, and had established a board of academic advisers to advise them on their publications. I had been a member of that I think since its inception, and Baroody arranged sometime in the early '60s a number of dinners at his house at which Goldwater was present. Baroody was the brain trust for Goldwater. I was also at some of those dinners, so I got to meet Goldwater. And then when the campaign came along, Baroody asked me to serve as economic adviser. I didn't go on the campaign trail. I sat at home and wrote memos.

Reason: Were you impressed with Goldwater's acumen?

Friedman: It depends on what you mean by acumen. There's no doubt whatsoever that he's a man of principle and strong character. His IQ is perfectly reasonable but it's not outstanding among the various politicians I've met, and that shows why IQ is not a good measure. The highest IQ was Richard Nixon's and he was a terrible president.

While I was never a governmental official, I was a member of an economic advisory group that Nixon appointed of which Arthur Burns was chairman. I saw Nixon from time to time when he was president, until he imposed price controls. I saw him only once after that.

Reason: Did you stop giving him advice?

Friedman: I kept giving him advice from *Newsweek*, but not personally.

Reason: Do you have a clear memory of how your political philosophy formed? Was it any specific teacher you encountered, book you read, or experience?

Friedman: I'm sure it was a combination of all of those. I was exposed as an undergraduate at Rutgers to two very strong influences: Homer Jones, who was a student of Frank Knight's

from Chicago, and Arthur Burns. They both had a considerable influence on me as an undergraduate in my thinking and my writing.

But it would be hard to say what philosophy that left me with. One of the things I regretted all my life is that when I graduated from Rutgers and came home, I wrote out a statement of my beliefs. I put that away in a drawer somewhere in my mother's home and I've never been able to find the damn thing! I'd love to have it! So I can't really tell you what I believed at that time.

But obviously my ideas were not very well formed. I was an innocent youngster and what I was impressed by, of course, was the Great Depression, and the belief that somehow or another there ought to be something that can prevent any such thing from happening.

Thanks to Homer, I was offered a scholarship at the University of Chicago and I went to Chicago and studied with Frank Knight, Jacob Viner, Henry Schultz, and so on. The atmosphere in Chicago in 1932 was very lively and active and encouraging. Of course, I got a very good grounding in economic theory and statistics as well.

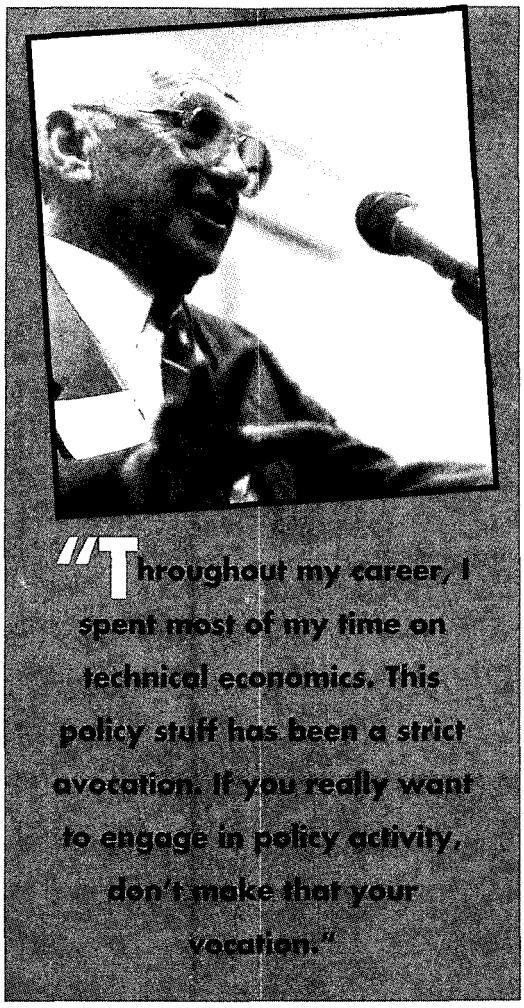
Next year, I managed to get a fellowship to Columbia. I spent a year at Columbia mainly to study with Harold Hotelling, who was a mathematical economist and statistician.

Then I went back to Chicago for one year and was a research assistant to Henry Schultz. There were a group of students in Chicago who were very, very important. George Stigler, Allen Wallis, Rose Director, and myself. We ate almost every lunch and dinner together. We spent all the time discussing economics, both economic theory and economic policy. And we were very close for the rest of our lives. George died about two years ago. Allen, I'm glad to say, is still alive.

In the 1930s, both Rose and I at separate times went to Washington and worked on the New Deal, but we were technical statisticians and economists, not anything that had any policy role.

Throughout my career, I spent most of my time on technical economics. This policy stuff has been a strict avocation. If you really want to engage in policy activity, don't make that your vocation. Make it your avocation. Get a job. Get a secure base of income. Otherwise, you're going to get corrupted and destroyed. How are you going to get support? You're only going to get support from people who are ideologically motivated. And you're not going to be as free as you think you're going to be.

One of the most important things in my career is that I always had a major vocation which was not policy. I don't regard what I've done in the field of monetary policy as on the same level as what I've done about trying to get rid of the draft or legalizing drugs. One is a technical byproduct of scientific work, and so that's the only sense in which my vocation has affected my policy. But by having a good firm position in the academic world, I was perfectly free to be my own person in the world of policy. I didn't have to worry about losing my job. I didn't have to worry about being persecuted.



"Throughout my career, I spent most of my time on technical economics. This policy stuff has been a strict avocation. If you really want to engage in policy activity, don't make that your vocation."

I think you'll make a mistake if you're going to spend your life as a policy wonk. I've seen some of my students who have done this. And some of them are fine, and some of them, especially those who have gone to Washington and stayed, are not.

Reason: How did you come to enter the world of policy writing?

Friedman: What really got me started in policy and what led to *Capitalism and Freedom* was, in an indirect way, the Mont Pelerin Society. The first Mont Pelerin Society meeting was in 1947 in Switzerland. Hayek arranged it. It was his idea.

Mont Pelerin was the first time that I came into contact with people like Hayek, Lionel Robbins, and the European contingent of that time. That widened my perspective about issues and policy.

The Mont Pelerin Society was people who were deeply concerned about issues. It was people with whom you shared a basic common belief, who at home were isolated. Its great contribution was that it provided a week when people like that could get together and open their hearts and minds and not have to worry about whether somebody was going to stick a knife in their back—especially for people in countries where they were isolated.

The reason the Society ever happened was that Hayek had written *The Road to Serfdom*, which attracted the attention of the Volker Foundation, and it was the Volker Foundation that financed the American participation in the Mont Pelerin Society. A Swiss group financed the Swiss and European participation.

In the middle '50s, the Volker Foundation undertook a program of summer institutes for junior academics who were favorably inclined toward a free-market point of view or were interested in such issues. *Capitalism and Freedom* was based on a series of lectures that I gave at one of those seminars. Those seminars forced me to systematize my thoughts and present them in a coherent way. And they also provided a very good audience because the people who were there were lively, outspoken, didn't hesitate to criticize. It was a very good audience. There was a lot

PACIFIC RESEARCH INSTITUTE

of free time as well for discussions outside of the formal seminar. And I learned a great deal, not only from the students who were there, but also the fellow lecturers.

And then my wife, Rose, took the transcribed tapes of the lectures and reworked them and that's what became *Capitalism and Freedom.*

Reason: Did you have any hesitation about publishing that book?

Friedman: None whatsoever. Why should I have had any hesitation? Remember, I was a tenured professor.

Another thing that helped form my policy orientation was when Hayek came to Chicago in 1950. He attracted quite a number of very able students, Sam Peltzman, Ron Hamowy, Ralph Raico, Shirley Letwin. There were quite a group of them. Hayek drew very high quality people. I was an adviser to their *New Individualist Review* and contributed articles to it. They were a very lively group that had organized discussion sessions and so on, which was part of the atmosphere.

I was persuaded at that time in the early 1960s that we were on the verge of developing a strong libertarian movement. These were libertarians, all of them, though Hayek would not have labeled himself a libertarian. As you know, he always avoided the term *conservative*, too. He would call himself an Old Whig. The others would have called themselves libertarians.

That's how I was able to develop my own ideas. What shaped them was the interaction with all these other people at lunches and dinners and lectures.

> **"I was interested in the history of thought and where it came from. I thought I was going back to some fundamentals rather than creating anything new. Ayn Rand had no use for the past. She was going to invent the world anew. She was an utterly intolerant and dogmatic person who did a great deal of good."**

Ayn Rand was receiving increasing attention at that time. I believed a big upsurge in the libertarian philosophy and views was pending. And to some extent it was. You had the Randian group, and the Murray Rothbard group. But the developing libertarian movement was repressed by the Vietnam War and what it led to. You've only got room for one big movement at a time.

Reason: Why do you think you had more initial success as a public proselytizer—you had a regular column in *Newsweek*—than other prominent libertarians?

Friedman: I really don't know how to answer that. I was basically trained in economic science. I was interested in the history of thought and where it came from. I thought I was going back to some fundamentals rather than creating anything new. Ayn Rand had no use for the past. She was going to invent the world anew. She was an utterly intolerant and dogmatic person who did a great deal of good. But I could never feel comfortable with her. I don't mean with her personally—I never met her personally. I'm only talking about her writings.

Rothbard was a very different character. I had some contact with Murray early on, but very little contact with him overall. That's primarily because I deliberately kept from getting involved in the Libertarian Party affairs; partly because I always thought Murray, like Rand, was a cult builder, and a dogmatist. Partly because whenever he's had the chance he's been nasty to me and my work. I don't mind that but I didn't have to mix with him. And so there is no ideological reason why I kept separate from him, really a personal reason.

Reason: In seeing yourself as harkening back to 19th-century liberalism, you never became a system-builder like Rand or Rothbard....

Friedman: Exactly. I'd rather use the term *liberal* than *libertarian.*

Reason: I see you occasionally use the word *libertarian.*

Friedman: Oh, I do.

Reason: As a concession to accepted usage?

Friedman: That's right. Because now *liberal* is so misinterpreted. So I am a Republican with a capital "r" and a libertarian with a small "l." I have a party membership as a Republican, not because they have any principles, but because that's the way I am the most useful and have most influence. My philosophy is clearly libertarian.

However, *libertarian* is not a self-defining term. There are many varieties of libertarians. There's a zero-government libertarian, an anarchist. There's a limited-government libertarianism. They share a lot in terms of their fundamental values. If you trace them to their ultimate roots, they are different. It doesn't matter in practice, because we both want to work in the same direction.

I would like to be a zero-government libertarian.

Reason: Why aren't you?

Friedman: Because I don't think it's a feasible social structure. I look over history, and outside of perhaps Iceland, where else can you find any historical examples of that kind of a system developing?

Reason: One could argue the same thing about minimal-state libertarianism: that historically it seems to not be stable.

Friedman: I agree. I wrote an article once arguing that a free society is an unstable equilibrium. Fundamentally, I'm of the opinion that it is. Though we want to try to keep that unstable equilibrium as long as we can! The United States from 1780 to 1929 is not a bad example of a limited-government libertarianism that lasted for a long time.

Reason: Is feeling like part of a larger movement important to you? Would you have been able to do the work you did had you not felt part of a community of like-minded scholars?

Friedman: I've been very fortunate in being part of two communities of scholars: the community of economists on the one hand, and the community of libertarians on the other. And

that combination has been very productive so far as I'm concerned, but I can't really tell you why. One thing is that it's very hard for somebody on his own to be sure that he's thought of all the angles. Discussion among people helps an enormous amount. And particularly able, good people.

If you have a person isolated in an environment unfriendly to his ideas and thoughts, he tends to turn bitter and self-directed. But the same person with three or four other people around—it doesn't have to be a lot of people—will be in a wholly different position since he will receive support from the others.

You remind me of one incident where in a sense the two worlds interacted. Back in the 1960s, my daughter was an undergraduate at Bryn Mawr, and I was invited by Haverford, I think it was, to spend three days giving talks on mathematical economics. Absolutely no policy involved, pure mathematical economics. And because my daughter was at Bryn Mawr, I agreed.

After I had agreed, they asked if I would also be willing to give a chapel talk on political matters. I said sure and I gave a title, something having to do with freedom. Then I discovered that chapel at Haverford was compulsory. I wrote to the president and said that I was very much disturbed at giving a talk on freedom to a compulsory audience.

When it was time to go to the chapel, I asked the president, "How do they count attendance?" And he said, "At the beginning of the hour there are people going around in the balcony and looking down. Everybody has an assigned seat, and they count."

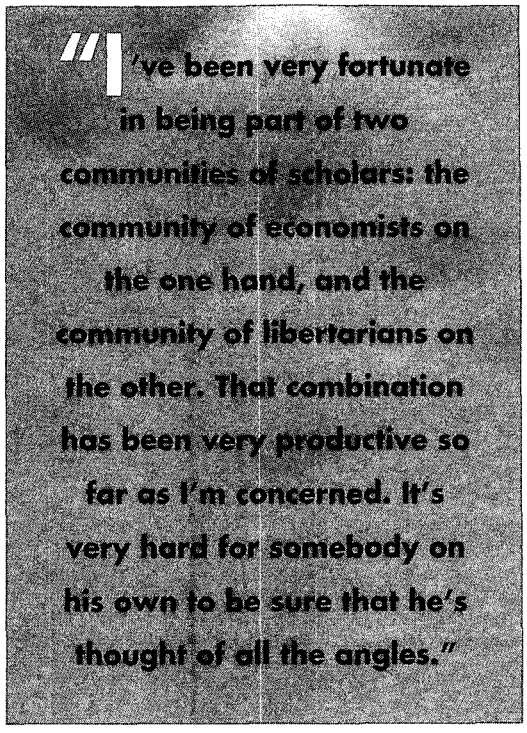
When I got up to talk, I spoke up to the people in the balcony and said that those who were counting attendance, please let me know when they're through because I don't like the idea of speaking about freedom to a compulsory audience. I'm going to sit down and give the people who want to leave the chance to leave. And I did. Now, the students hadn't really thought that I was going to do it and when I did, about one or two people got up to leave and the rest of them booed them because obviously, I was talking on their level. As a result, I've seldom had a student audience who were so completely on my side as that group, even though the political atmosphere at Haverford was very much to the left. That's one of the greatest coups I've ever had as a public speaker.

Reason: Do you think you've become more radically libertarian in your political views over the years?

Friedman: The difference between me and people like Murray Rothbard is that, though I want to know what my ideal is, I think I also have to be willing to discuss changes that are less than ideal so long as they point me in that direction. So while I'd like to abolish the Fed, I've written many pages on how the Fed, if it does exist, should be run.

Murray used to berate me for my stand on education vouchers. I would like to see the government out of the education business entirely. In that area, I have become more extreme, not because of any change of philosophy, but because of a change in my knowledge of the factual situation and history.

I used to argue that I could justify compulsory schooling on the ground of external effects. But then I discovered from work that E. G. West and others did, that before compulsory schooling something over 90 percent of people got schooled. The big distinction you have to make is between marginal benefit and average benefit. The marginal benefit from having 91 percent of people in school rather than 90 percent does not justify making it compulsory. But if in the absence of compulsory education, only 50 percent would be literate, then I can regard it as appropriate.


"I've been very fortunate in being part of two communities of scholars: the community of economists on the one hand, and the community of libertarians on the other. That combination has been very productive so far as I'm concerned. It's very hard for somebody on his own to be sure that he's thought of all the angles."

Some issues are open and shut. Tariffs, property rights. No, not property rights, because you have to define property rights. But education is not open and shut. In *Capitalism and Freedom* we came out on the side of favoring compulsory schooling and in *Free To Choose* we came out against it. So I have become more radical in that sense. Murray used to call me a statist because I was willing to have government money involved. But I see the voucher as a step in moving away from a government system to a private system. Now maybe I'm wrong, maybe it wouldn't have that effect, but that's the reason I favor it.

Reason: Would you agree with the proposition that you have been the most successful and important proselytizer for libertarianism?

Friedman: I don't think that I've had the most influence. I think the most influential person was Hayek. The effect of *The Road to Serfdom* was really critical. In another area, Bill Buckley has certainly been very important on national policy.

Buckley's not a libertarian. But he's also not a socialist. And if you look at the political scene, his *National Review* has had a tremendous influence in providing a base for collaboration between the libertarians on the one side and the free-market conservatives on the other. That was epitomized in its most obvious form by Frank Meyer when he was with *National Review*. They've helped that coalition to form and hold together and have influence; Bill Buckley played an enormously important role.

I might have more public influence than ideologues like Rand or Murray Rothbard, the libertarians in that strict sense. And I believe that the reason is because they have been so intolerant.

Reason: You wrote an essay in *Liberty* about the intolerance of Rand and Ludwig von Mises. You say you never met Rand....

Friedman: I was never to my knowledge in the same place as she was; I was in Chicago, she was in New York. I'm sure if I had been in New York, I would have met her. It was not because of any objection on my part. I think she was a fascinating woman and had a great influence. As I always have said, she had an extremely good influence on all those who did not become Randians. But if they became Randians, they were hopeless.

Reason: But you knew Mises personally. Did you see the intolerance that you find in his method also in his personal behavior?

Friedman: No question. The story I remember best happened at the initial Mont Pelerin meeting when he got up and said, "You're all a bunch of socialists." We were discussing the distribution of income, and whether you should have progressive income taxes. Some of the people there were expressing the view that there could be a justification for it.

Another occasion which is equally telling: Fritz Machlup was a student of Mises's, one of his most faithful disciples. At one of the Mont Pelerin meetings, Fritz gave a talk in which I think he questioned the idea of a gold standard; he came out in favor of floating exchange rates. Mises was so mad he wouldn't speak to him for three years. Some people had to come around and bring them together again. It's hard to understand; you can get some understanding of it by taking into account how people like Mises were persecuted in their lives.

Reason: You don't link yourself openly to certain aspects of the libertarian political movement....

Friedman: Well, you have to be more specific. Being very specific, I have not wanted to join the Libertarian Party simply because I have accumulated good working relationships with people in the Republican Party, and I think I can be more effective by being a Republican. That's the only reason. There are no other cases in which I have had any problem with the libertarian movement.

Reason: You certainly have a respectability and presence that most people and organizations labeled libertarian don't have....

Friedman: That's because of one thing only: I won the Nobel Prize. What, are you kidding yourself?

Reason: Your status preceded your winning the Nobel.

Friedman: I did have some of it, yes. It's because I have a firm root in something other than ideology. Because I was firmly based in a scientific academic discipline. I wasn't simply a preacher or an ideologue or an unconnected philosopher.

But I think the libertarian movement is doing fine. I think that REASON magazine has been remarkably good; it has been very effective. It takes many kinds of people to make a movement. And one of the most important things are publications. In any activity you have manufacturers, wholesalers, and retailers; and all three are essential and necessary. There are only a relatively small number of manufacturers of ideas. But there can be a very large number of wholesalers and retailers.

As I look around me I'm impressed by the fact that there's increasing attention paid to libertarian ideas. If you look at the picture now, compared with 30 years ago, there's no comparison. Now you've got much more. As far as journals are concerned, then we had the Foundation for Economic Education's *Freeman*; for a while we had the *New Individualist Review* in Chicago, but that was about it. Bill Buckley established *National Review*, which is in a different corner.

"As I look around me, I'm impressed by the fact that there's increasing attention paid to libertarian ideas. If you look at the picture now, compared with 30 years ago, there's no comparison. Now you've got much more."

But look at the situation today. You have REASON magazine, you have *Liberty* magazine. You've got all of this stuff that spouts out from the Cato Institute and the Competitive Enterprise Institute and a half dozen other think tanks. In fact, I think there are too damn many think tanks now.

Reason: Why do you say there are too many?

Friedman: You don't have the talent for it.

Reason: Do you consider yourself in the libertarian mainstream on foreign policy issues?

Friedman: I don't believe that the libertarian philosophy dictates a foreign policy. In particular I don't think you can derive isolationism from libertarianism. I'm anti-interventionist, but I'm not an isolationist. I don't believe we ought to go without armaments. I'm sure we spend more money on armaments than we need to; that's a different question.

I don't believe that you can derive from libertarian views the notion that a nation has to bare itself to the outside without defense, or that a strong volunteer force would arise and defend the nation.

Reason: What did you think about the Gulf War?

Friedman: I always had misgivings about the Gulf War, but I never came to a firm decision. It was more nearly justified than other recent foreign interventions, and yet I was persuaded that the major argument used to support it was fallacious.

After all, if Iraq took over the oil, it would have to do something with it. If they don't want to eat it, they'd have to sell it. I don't think the price of oil would have been much affected. The more important consideration was the balance of power with Iran

HOOVER INSTITUTION

and Iraq. I have mixed feelings about that war; I wouldn't be willing to write a brief on either side.

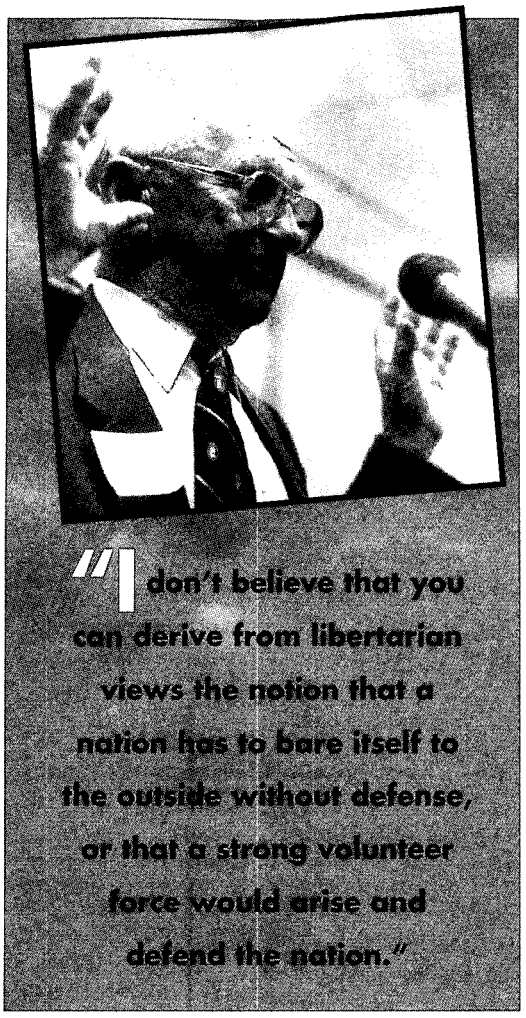
Reason: What would you regard as your most important accomplishment?

Friedman: It depends on what you mean. I wrote an essay on methodology in 1953. It was published in my book *Essays on Positive Economics*. I had been working on it for years before that, so it goes way back to the middle '40s. It started to generate a lot of comments, but I decided I would rather do economics than talk about how economics are done. So I made a distinct point of not replying to any criticism of that essay. And I think that's why it's so commented on.

That methodology article has probably been reprinted more often and referred to more often than anything else I've written, though I would by no means regard it as the most important thing I've ever done.

In terms of sheer technical quality there's no doubt in my mind that the best thing I ever did was *The Theory of the Consumption Function* which, from a scientific point of view, is a carry on from the methodology article. I regard the theory of the consumption function as a demonstration of applying the methodology I explained there. But also it has a neatness about it and a specific theorem which has generated an enormous amount of work since then. When things like that originally come out, the status quo says, "Oh, that's a bunch of nonsense, we can't possibly work with that," but give it time. And by now it's part of conventional economics.

In the realm of policy, I regard eliminating the draft as my most important accomplishment.


"I don't believe that you can derive from libertarian views the notion that a nation has to bare itself to the outside without defense, or that a strong volunteer force would arise and defend the nation."

Reason: Have you retired from economics?

Friedman: Well, not from economics, but from that kind of work. There's been a tremendous advance in specialization in economics, particularly in the econometrics area. I was just looking at recent working papers published by the Federal Reserve Bank of Chicago. These are clearly built on work of mine, going back to the 1970s. But there's been a new development in econometrics that I haven't kept up with. The techniques they've adopted here are all different from ours. I'm not an expert in them anymore; I really couldn't deal with this material on the level on which they are dealing with it, although I can understand the thrust of what they're doing.

I'm not making any pretense of trying to do any more basic, fundamental economics work. I believe that almost all important contributions of a scientist are made in the first 10 years after he enters the discipline. Not the first 10 years of his professional life; he may shift from one discipline to another. And I've been impressed as I've been going over my memoirs, that my basic contributions all have their roots in the early years of my work. I was reading over some preliminary professional papers in the 1950s, and I could see there the whole future of the next 30 years of work that I did; it was all outlined in there.

You add things to it, you change it, but the fundamental ideas come early. The 1940s–'60s was when I did my most important economic work, even though it wasn't all published then.

Reason: I read an article recently in the *Washington Monthly* that repeated all the silly ideas about inflation that you've been fighting your whole career. Are battles like this ever won?

Friedman: No. All battles are perpetual. You go back in the literature of economics, and you'll find the same kind of silly statements 100 years ago, 200 years ago. And you'll find the same sensible statements the other way.

Reason: Are those kind of mistakes still made among professional economists?

Friedman: If you look at the views of the profession as a whole, no. There's a great deal of agreement among economists, contrary to what people may think. You won't find much difference of opinion on the proposition that raising the minimum wage will cost jobs. You won't find much difference of opinion on the desirability of free trade. And you won't find any difference of opinion on the idea that you cannot have inflation without monetary expansion. There's no doubt that there's very widespread agreement about those simple ideas.

Reason: How do you make that consensus spread to the general public?

Friedman: You just have to keep on trying to do it. There's no short cut. There's no way in which you're going to end the discussion, because new generations arise; every group has the same crazy ideas. I get a great many letters from people who think that the way to solve budget problems and fiscal problems is to simply print money and pay off the debt. And there's almost no way of making those people realize just what a bunch of nonsense that is.

I'm inclined to think that there's no field so rife with cranks as currency and money, but I'm sure there are other fields that are just as bad. I'm just ignorant of them.

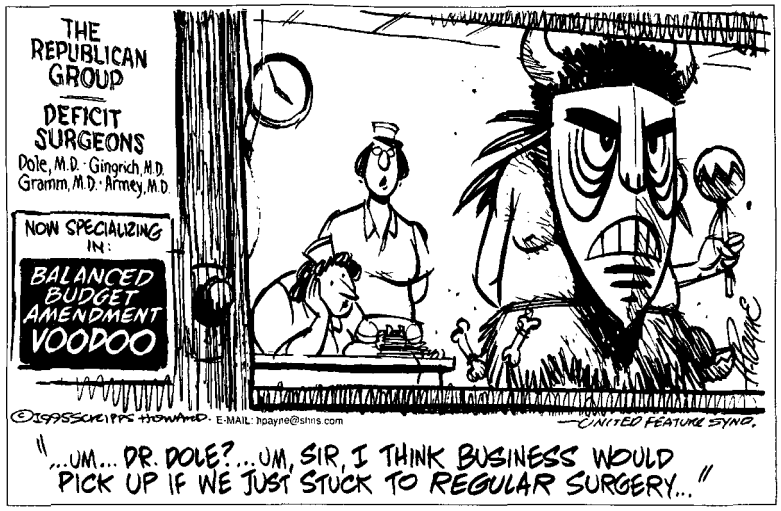
Brian Doherty is assistant editor of REASON.

PACIFIC RESEARCH INSTITUTE

Unbalanced Amendment

By Alan Reynolds

Balanced Budget Amendment, R.I.P.


THE REPUBLICAN GROUP
DEFICIT SURGEONS
Dole, M.D. · Gingrich, M.D.
Gramm, M.D. · Armey, M.D.
NOW SPECIALIZING IN:
BALANCED BUDGET AMENDMENT VOODOO
©1995SCHIPPS HOWARD · E-MAIL: hpayne@shns.com
—UNITED FEATURE SYND.
"...UM... DR. DOLE?...UM, SIR, I THINK BUSINESS WOULD PICK UP IF WE JUST STUCK TO REGULAR SURGERY..."

HENRY PAYNE

AT THE END OF 1931, President Herbert Hoover asked for a temporary tax increase, jacking income tax rates back up to levels not seen since the previous depression of 1920–21 (when there was also an emergency tariff increase, as in 1930). "Nothing is more important than balancing the budget," reasoned President Hoover. It was, he said, "indispensable to the restoration of confidence and to the very start of economic recovery....We cannot maintain public confidence nor stability of the Federal Government without undertaking some temporary tax increases."

In June 1932, Congress increased the top tax rate to 63 percent at an income of $1 million, up from the previous maximum of 25 percent at $100,000. The bottom tax rate rose to 4 percent from 1.1 percent. The Treasury Department promised that the revenue gained from hiking tax rates would result in a balanced budget. And that, Hoover guaranteed, would restore confidence in financial markets and thus ensure economic recovery.

The relevance of the 1932 experience to today's ongoing debate over the Balanced Budget Amendment goes beyond the obvious point that it is foolish to raise tax rates during a depression. The important lesson is that, then as now, Congress and the president swore by "static" revenue estimates. If the proposed amendment ever comes to pass, it will inevitably promote higher tax rates, not less spending. The amendment's focus on short-term budget estimates tilts the odds away from big spending cuts—which rarely can be done quickly—in favor of an endless series of seemingly small tax increases. Indeed, the Balanced Budget Amendment could scarcely be better designed to encourage an extremely myopic focus on a "quick fix" for next year's budget. That means delegating enormous authority to bookkeeping bureaucrats in charge of revenue estimates.

Consider this: If the Balanced Budget Amendment had been in place in 1932, the tax increase enacted at that time would have been in perfect conformity with law. But there is nothing in the amendment that requires that the budget *ever* has to be balanced. All it requires is that next year's *estimated* revenue equal next year's *estimated* spending. The 1932 tax increase met that criterion completely. Yet tripling tax rates did not result in a balanced budget.

TO THE CONTRARY, REVENUE FROM THE individual income tax dropped from $1.1 billion in 1930 to $834 million in 1931, $427 million in 1932, and $353 million in 1933. The drop in revenue could, of course, be blamed on the collapse of the economy. But that begs the question of the extent to which the Depression was at least aggravated by higher tax rates and tariffs.

At the end of 1933, President Hoover complained that "the increases in revenues enacted at the last session had not had the results hoped for," so he asked Congress to enact a national sales tax. "The time has come when, if the Government is to have an adequate basis of revenue to assure a balanced budget,...excise taxes should be extended to cover practically all manufacturers at a uniform rate, except necessary food and possibly some grades of clothing," said Hoover.

"Some assured me that no man could propose increased taxes in the United States to balance the budget in the midst of a depression and survive an election," Hoover remarked in an October 1932 campaign speech. He was genuinely surprised later, when the voters did not appreciate his manly display of "fiscal responsibility."

Suppose, for the sake of argument, that Hoover had managed to balance the budget, or that the current Congress reduces the deficit to zero in, say, the year 2002 (the target year mentioned in the proposed legislation). What happens next? Sweden had a balanced budget from 1987 to 1991. So did Britain from 1988 to 1990, and Mexico from 1990 to 1994. Even with balanced budgets, however, inflation and interest rates in those countries were not nearly as low as in the United States. Sweden and Mexico have since experienced major currency crises, and budget deficits in all three countries soon blew up again.

Minimizing government borrowing is not a unwise goal, but it is not sufficient

to ensure economic success. And without economic success, a balanced budget in 2002 would soon prove as ephemeral in the United States as it has been in Sweden, Britain, and Mexico.

The economic arguments for a permanent prohibition on federal borrowing are far too dubious to justify enshrining conservative Keynesianism in the Constitution. Devotees of a balanced federal budget claim, for example, that the federal government should have to live within its annual income, "just like American families and businesses do." That's a good soundbite, but a shaky analogy. Families, businesses, and state and city governments borrow about half a trillion dollars a year. If there were no borrowers, there could be no lenders (i.e., savers).

AMENDMENT BACKERS ALSO SAY THAT failure to balance the budget will impose a heavy burden on our children and grandchildren. Actually, the debt-service burden will neither increase nor decrease very much unless the government actually *retires* debt (for instance, by auctioning off the Presidio of San Francisco and other federal property). The Congressional Budget Office estimates that if Congress did nothing at all to reduce "current services" deficits, the cost of paying interest on the national debt would rise from 3.3 percent in 1995 to 3.4 percent of GDP by 2002. That is a lot of money, almost as much as projected Medicare spending.

But future taxpayers will also acquire some federal assets to go with the liabilities, including military equipment that makes it easier to cut future defense spending, and a lot of federal property that could be sold. Major federal outlays and grants for physical capital, such as highways and prisons, were $119.2 billion in 1994, $65.6 billion of which was for Defense Department buildings and equipment. Classifying research, education, and training as investments lifts the total to $223.2 billion. There is plenty of pork in these figures, of course, as well as equipment for enterprises such as the TVA that should be privatized. But federal assets nonetheless have some value.

Moreover, there are many ways of putting burdens on future generations that would not show up in the budget right away, such as unfunded promises to pay pensions, or federal insurance and guaranteed loan schemes. In any case, adding new or higher taxes to balance the budget is doing no favor to the young or unborn. Higher tax rates would burden future generations too—and do so in a more immutable way than borrowing. Hoover's temporary tax rates of 1932 were not significantly reduced until 1965 (and then only for a few years).

Another rationale for the deficit fetish is the familiar "confidence" game of Herbert Hoover, which has been subsequently updated by such people as Reagan-era Budget Director David Stockman and current Fed Chairman Alan Greenspan. A balanced budget, goes this line of thought, would restore confidence in financial markets and thus lower interest rates (yields) on long-term bonds. Yet interest rates are set on world markets, varying mainly with expected exchange rates.

If the proposed amendment ever comes to pass, it will inevitably promote higher tax rates, not less spending. The amendment's focus on short-term budget estimates tilts the odds away from big spending cuts—which can rarely be done quickly—in favor of an endless series of seemingly small tax increases.

There is no connection between deficits and interest rates in U.S. experience, or across countries. For instance, bond yields rose dramatically from 1955 to 1981 (when deficits were small), fell from 1983 to 1992 (when deficits were large), then rose again in 1994 (as the deficit came down). Total government borrowing in the United States today is no larger than it is in Japan (1.8 percent of GDP), and lower than in Germany (2.4 percent). Interest rates have been lower in Japan and Germany than in the United States because their currencies have been more trustworthy.

The Clinton administration argues that higher tax rates on "the rich" would raise overall national saving by reducing the deficit. That assumes that 1) higher tax rates would result in more revenue, and 2) private savings would not be reduced. Both assumptions have proved false. Since the United States increased marginal tax rates in 1990 and 1993, revenue from the individual income tax fell from 8.6 percent of GDP in 1989 to 8.2 percent in 1994 (despite a one-time windfall in April 1994 from retroactive taxes). Meanwhile, personal savings fell by nearly $44 billion from 1992 to 1994—the first significant drop since 1987, when Individual Retirement Accounts were curbed and the capital gains tax increased.

IT IS UNFASHIONABLE TO SAY SO, BUT IT makes sense for governments to finance capital investments with debt, because infrastructure yields benefits over decades. It also makes sense to borrow during recessions, because raising tax rates in slumps and lowering them in booms only makes the economy more unstable. Households and firms, after all, tend to defer income-producing activities when the economy is weak and tax rates are high.

When people say they want the government to live within its means, they really mean within *their* budgets as taxpayers—don't spend more than we can afford. "Deficit spending" is a metaphor for excess spending, for a government that costs too much, delivers too little to those who pay the bills, and sends too many checks to people who neither work, save, support their own children, nor plant crops.

Unfortunately, the Balanced Budget

Amendment says nothing about how much the government can take from Jones and give to Smith. It does not constrain federal spending in any respect. Instead, it focuses entirely on *how* the spending is financed—by borrowing or taxing—and is silent on whether cutting spending or increasing taxes is the better policy.

But higher tax rates have quite different effects on the economy than does lower spending. Cutting federal purchases can free up scarce labor and capital that the private sector needs to keep expanding. Cutting transfer payments can improve incentives to work, save, support your own children, or plant crops.

Far from being equivalent to such spending restraint, higher tax rates would have, and are having, the exact opposite impact. For instance, growth in the number of job seekers has been very slow since the tax hikes of 1990–93, and personal savings have fallen. Reasonably decent economic growth may not be a sufficient condition to minimize deficits, but it is a necessary one.

Remember, the Balanced Budget Amendment does not ever require that the actual budget be balanced. It only requires that next year's budget *estimates* be balanced—that *estimated* revenue equal *estimated* spending. Because that requirement makes no distinction between restraining federal spending and raising tax rates, it encourages the *illusion* that higher tax rates are the politically easy way out of any future budget squeeze.

On paper, it is always easy to balance next year's budget the way that Herbert Hoover did in 1932: Keep raising tax rates and assume this has no bad effects at all on the economy or on tax avoidance. This is, in fact, the way revenue estimates are prepared. And estimates are all that are required to comply with the amendment.

Because the amendment covers only the immediate future—next year—it virtually mandates a short-term approach that continually neglects festering long-term problems, such as the looming scarcity of younger workers to finance Social Security and Medicare for retiring baby boomers. Faced with a major crisis in next year's budget, it would be literally impossible to turn big spending programs around quickly enough to meet the deadline. That means suicidal, Hoover-esque tax increases would often be the only apparent solution available.

BIG SPENDING PROGRAMS ALSO HAVE huge, well-organized interest groups to fight cuts. Tax increases, by contrast, can target different small groups each year—picking us off one by one. Look at the way the 1993 tax hikes were defended on the grounds that not many votes were involved, just a small percentage of "rich" families, or small businesses, or Social Security recipients.

The Balanced Budget Amendment does not ever require that the actual budget be balanced. It only requires that next year's budget *estimates* be balanced—that *estimated* revenue equal *estimated* spending. That requirement encourages the illusion that higher tax rates are the politically easy way out of any future budget squeeze.

Indeed, even if the requirement of a supermajority to enact higher tax rates had not been scrapped, effective tax rates could still ratchet up, year after year. How? Through such devious devices as raising the amount of income subject to payroll taxes, lowering the amount of income at which Social Security benefits are taxed, lowering income caps for tax deductions or credits, and stopping the indexing of tax thresholds and letting inflation push more and more families into the new 36–40 percent tax brackets. Every one of these tricks was employed in 1993, but there is ample room for more of such mischief.

If the Balanced Budget Amendment were in force, it is easy to envision a long series of budget crises in which 1932-style "emergency" tax increases will be repeatedly enacted, always with the promise of balancing next year's budget. Yet the deficits nonetheless will get worse, not better, as the increasingly onerous tax burden causes chronic economic stagnation and wholesale tax evasion.

This is exactly what happened in Canada. A surtax on higher incomes in 1990 and a new 7-percent national sales tax in 1991 left tax revenues lower at the end of 1994 than they had been in early 1990—even in shrunken Canadian dollars.

The United States has seen similar fallout on the state level. In New Jersey, former Gov. Jim Florio thought he had raised taxes by $2.8 billion a year in 1990, taking the pressure off for spending cuts, but revenue actually fell. Gov. Pete Wilson of California likewise attempted to "raise taxes" $7–8 billion in 1991, but revenue is lower now than it was then. All that happened after New Jersey's and California's tax hikes is that two of the strongest economies in the nation became two of the weakest. A panicky pursuit of balance at the federal level, relying on phony estimates of revenue from higher tax rates, would prove equally counterproductive.

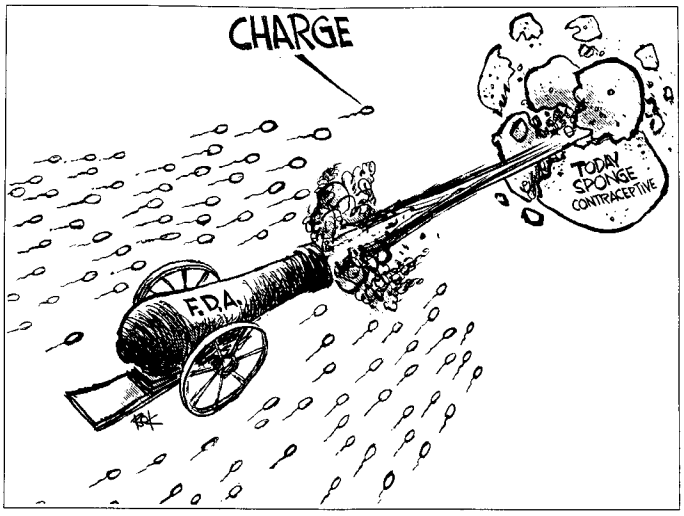
Under the amendment, with its shortsighted focus on next year's *estimated* deficit, Congress would be hostage to the typically deceptive *estimates* of lavish revenues from boosting tax rates and exaggerated losses from tax cuts. Far from promoting smaller government, the amendment would be most useful to pols who hope to block constructive tax reforms, to play Robin Hood with the tax code, and to thwart any serious efforts to curb the growth of federal spending. Let the Balanced Budget Amendment, and Herbert Hoover, rest in peace.

Alan Reynolds is director of economic research at the Hudson Institute.

Sponge Bath

By Michael Fumento

How the FDA squeezes women's choices



THREE YEARS AGO, WOMEN saw the Food and Drug Administration remove their choice in types of breast implants. Now David Kessler's agency has reduced their options in yet another area. In fairness to the FDA, the agency did not *demand* the removal of the Today Sponge contraceptive from the market. It just made it inevitable. Although a remaining few may be on store shelves, the manufacturer officially stopped producing the sponge on January 10, 1995.

Manufactured by Whitehall-Robins Healthcare, the Today Sponge was unique because it could be inserted up to 24 hours before sex and could be used for more than one act of intercourse. It was available without a prescription and, unlike male or female condoms, it didn't interfere with sensation.

The Today Sponge was popular—since its introduction in 1983, about 400,000 women have used the sponge—and was often used as an interim method while beginning use of the birth control pill. It also provided some protection against the spread of sexually transmitted diseases.

To be sure, as a contraceptive, Today's failure rate was relatively high, but the FDA considered the sponge both safe and effective. It was certainly a lot more effective than using nothing, which may often be the alternative now that it's gone.

Today's fate was sealed when FDA inspectors found that water in the sole plant that produced the sponge contained bacteria. There's no evidence that the bacteria ever contaminated the sponge, admits FDA spokesman Don McLearn. That's why the agency never *ordered* the product off the market. In fact, the FDA eschews responsibility for pulling the product off drugstore shelves. "They [Whitehall-Robins] have made the corporate decision to close this plant down," McLearn emphasizes.

Ah, but the FDA *had* let Whitehall-Robins know that the bacteria situation was intolerable—and the agency doesn't just make suggestions. Explains Whitehall-Robins spokesperson Ann Brice, "We tried diligently to improve [the situation] and did. [But] if we would have changed our manufacturing processes further, it would have required additional approval by the FDA."

Indeed, the only way to meet the standards would have been to set up the process at a new plant. But again, FDA regulations stood in the way. As FDA spokesman McLearn points out, if you make "a product at a new site, it's a totally new product." It simply doesn't matter if the product made at the new site is identical to the one made at the old site (as would have been the case with Today). To the FDA, "new site" equals "new product." And *that* means the dreaded "NDA," or new drug application, the tortuous approval process for which the agency has become infamous.

The "new place, new product" rule is "an anachronism," says Henry Miller, former director of the FDA's Office of Biotechnology and a visiting fellow at the Hoover Institution in Palo Alto, California. "You can now introduce stringent release specifications and look at whether products meet those specifications, as you do for a drug."

No matter: For the FDA, rules are rules. Faced with a reenactment of such a costly and lengthy procedure, Whitehall-Robins chose to throw in the sponge.

NOT SURPRISINGLY, THE PRESSURES THAT led to that decision outraged people involved in the effort to prevent unplanned pregnancies. Dr. Robert Hatcher, Emory University professor of gynecology and obstetrics and editor of *Contraceptive Technology,* has nothing but scornful words for the FDA's handling of contraceptives. "The delays and costs on companies are unconscionable," he told the *Atlanta Journal and Constitution.* "As far as I'm concerned, the Food and Drug Administration is Disneyland. It's a mess."

"The point is that women need different methods of birth control throughout their reproductive lifetime," says Susan Tew of the Alan Guttmacher Institute, a Manhattan-based nonprofit organization engaged in research and education on contraception and abortion. "Women spend three-quarters of their reproductive lifetime trying to avoid unplanned pregnancy. Any method found safe and effective should be available to U.S. women."

Although it may look as though we're in the midst of a "second contraceptive

CHIP BOK

revolution," notes Tew, that's hardly the case. "In the past few years, we've had the Reality female condom, injectable Depo-Provera, and Norplant. But the female condom is the only one of those that is new. The rest were available years ago in countries outside of the States," she says. And, in the case of the female condom, even though Reality had expected to have its product on the market in less than two years, it ended up taking seven.

Such delays aren't completely the fault of the FDA. The fear of litigation haunts practically any medical device or drug. But complying with FDA rules and producing a safe and effective (and relatively litigation-safe) product may have little in common. Thus the time delays and the expenses are piled on top of each other.

CRITICIZE THE FDA AND YOU ALWAYS get the same three responses: thalidomide, thalidomide, and thalidomide. Three decades ago, the agency—using rules far less extensive than the ones employed today—held up the approval of this drug that was later linked to thousands of birth defects throughout Europe. In the wake of the thalidomide scare, Congress greatly enhanced the FDA's ability to keep drugs and medical products off the market.

As a result, says Sam Kazman of the Competitive Enterprise Institute in Washington, D.C., the FDA causes thousands of premature deaths a year. It does so by delaying approval of drugs and devices already available in the rest of the civilized world and much of the not-so-civilized world.

For all its concerns, the FDA is no guarantee of safety, even within the field of contraceptives. For instance, the FDA tested and approved the Dalkon Shield, an intrauterine birth-control device that killed 18 women and injured thousands more before being pulled off the market in 1975. Similarly, the tampons responsible for toxic-shock syndrome met all FDA regulations.

The FDA's stock reply to such examples is that but for them, there would be even more such deaths. But that's an inherently unbalanced equation. After all, a product that is forbidden to be sold cannot possibly cause harm. If delayed several years, it cannot cause harm in those years. But neither can it help—and the lives lost because of held-up drugs and devices need to be factored into any serious cost-benefit analysis.

The Today Sponge incident adds another factor to this already deadly equation: It turns out that the full impact of the FDA's regulatory myopia is not just revealed in preventable deaths, but perhaps in preventable births, as well.

Michael Fumento is an associate of the Competitive Enterprise Institute in Washington, D.C., and author of Science Under Siege: Balancing Technology and The Environment.

How to shop for your Caribbean Island home

Readers of our monthly newsletter seeking a home, land or business in the tropics learn about the economic and political climate, quality of life, purchase procedures, investment opportunities on each Caribbean Island, Costa Rica and Belize.

Every issue includes pages of properties for sale. But we accept no paid advertising, so we're free to tell you truthfully what it's like living here. Our 10th year.

Subscription: $44/yr. for 12 issues plus FREE Caribbean Wall Map & Special Reports on foreign taxes, island employment. MC/VISA/Diner's accepted. You must be satisfied or notify us within 90 days for FULL refund.

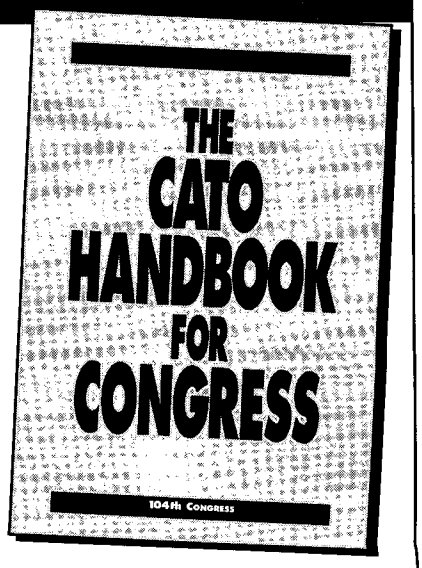
Island Properties Report
Dept. DE, 1100 Sixth Ave.South, Naples, FL 33940
Phone Orders (813) 263-1222

AUTHORS
See Your Book In Print

70-year tradition of quality. Subsidy book publishing, all types of manuscripts. Write or call for complimentary **Author's Guide.** Dept. RS. Dorrance Publishing Co., Inc., 643 Smithfield St., Pittsburgh, PA 15222 1-800-695-9599

"A soup-to-nuts agenda to dramatically restrict the power of the federal government."
—Washington Post

On every Sunday morning talk show, journalists badger the congressional leadership: What's your plan? What are you going to cut? Where's the substance?...Here's the answer: 39 chapters, more than 200 recommendations for downsizing the federal government and returning it to the limits prescribed in the Constitution, as the voters directed on November 8. Subjects range from budget cuts to civil liberties, from military spending after the Cold War to eliminating Cabinet departments.
358 pages, $25.00



To order, please call toll free
1-800-767-1241
(noon-9 p.m. eastern, Mon.-Fri.)

1000 Massachusetts Ave., N.W.
Washington, D.C. 20001
CATO INSTITUTE

Minimal Evidence

By Benjamin Zycher

Flawed studies drive the call for an increased minimum wage.

AS THE OLD SAYING GOES, economists may not be able to agree on the time of day. But for many years, almost all economists have agreed on one issue: Raising the minimum wage leads to greater unemployment among workers with low skills. Both basic theory and many empirical studies support that conclusion. Textbooks preach it, and even liberal economists who chafe at the notion teach it to their students.

Or so it was until recently. But as nature abhors a vacuum, economists prefer controversy to consensus—especially when the consensus puts their professional judgment at odds with their political instincts. Accordingly, the decades-long agreement on the employment effects of the minimum wage now has been challenged by several scholarly papers examining survey data on employment in fast-food restaurants and other low-wage sectors. Four widely publicized studies argue that raising the minimum wage has not led to greater unemployment among low-skilled workers.

Unsurprisingly, this new research has quickly become politicized. Labor leaders, who like high minimum wages because they make union pay scales more competitive, have seized on the new research to disparage the traditional view. So have Labor Secretary Robert Reich and President Clinton. "Now, I've studied the arguments and the evidence for and against a minimum wage increase," Clinton claimed in his State of the Union Address. "I believe the weight of the evidence is that a modest increase does not cost jobs, and may even lure people back into the job market."

Table 1: Real Growth in State Gross Product
(percent)

State	1987	1988	1989	1990
California	4.7	4.5	3.8	2.4
Arizona	3.4	3.8	0.8	0.3
Florida	6.0	4.5	3.6	1.4
Georgia	4.8	4.0	1.2	0.7
New Mexico	2.6	5.0	7.2	7.7
Texas	–0.4	5.1	1.8	3.0
"Comparable states" weighted average	2.7	4.6	2.3	2.1

Note: Gross product data unavailable for Dallas-Fort Worth. For comparable states average, weights are individual state proportions of total five-state gross product.

Source: Bureau of Economic Analysis

Well, not so fast, please. While the new studies are serious works, done by serious scholars, they are not particularly believable. Indeed, they have several problems in common, as well as various individual flaws. And the (seemingly) most persuasive study turns out to be based on abysmally bad data.

To understand the studies and their problems, it is important to understand the traditional argument that raising the minimum wage reduces employment among low-skilled workers. The reason is simple. The demand for labor—the number of *manhours* (not workers) employers want to buy at different wage rates—is determined by the expected productivity of the given workers. So if wages rise by decree, rather than because workers can produce more per hour, employers will hire fewer hours of labor.

Moreover, not all low-skilled workers are created equal. Some have more skills than others. Some have a few or all of such advantages as good looks, physical strength, a flexible schedule, greater intelligence, more or better schooling, stronger communication skills, better health, greater perceived honesty and character, a lower perceived likelihood of resorting to the litigation system, *ad infinitum*. In general, they have higher expected productivity than other workers with low skills.

Other people are not so lucky. For any number of reasons they may appear "riskier" to prospective employers. They may have physical or mental handicaps, weaker references, or small children interfering with work schedules. They may be from neighborhoods or ethnic groups that lead prospective employers to expect (rightly or wrongly) a greater-than-average chance of various problems. They may have transportation problems, annoying personalities, poor personal hygiene, and so forth.

Given that employers are in business to make money—to get the biggest labor productivity bang for their wage buck—all of the anti-discrimination regulation in the world cannot overcome the simple reality that an increase in the minimum wage leads employers to hire relatively more-productive workers rather than relatively less-productive ones, who otherwise might be cheaper. The minimum wage thus makes it harder for the low-skilled—and for the lowest-skilled among them—to compete for employment. Elementary economic analysis predicts unambiguously that increases in the minimum wage, other things being equal, will reduce the employment of low-skilled workers.

OR SO WE ALL THOUGHT. THE REVISIONIST studies claim that, at least in a few instances, this story has a different ending. But a careful examination of the studies suggests that the traditional view is far from discredited.

• *The Card/Krueger New Jersey-Pennsylvania Study*. The most frequently cited,

and seemingly most convincing, new study takes advantage of a "natural experiment" created when New Jersey raised its minimum wage from $4.25 an hour to $5.05 in April 1992. David Card and Alan Krueger of Princeton reasoned that since economic conditions ought not vary greatly between southern New Jersey and eastern Pennsylvania, which are essentially a single economy, looking at employment trends in the two states ought to reveal the effects of the minimum wage.

Table 2: Income Distribution of Minimum Wage Families
(percent)

	Family Income Quintiles				
	1	2	3	4	5
All families	20.0	20.0	20.0	20.0	20.0
Minimum wage families	20.26	20.95	20.62	18.89	19.18

Source: Horrigan and Mincy, 1993, from the 1988 Current Population Survey

Card and Krueger conducted telephone surveys of about 400 fast-food restaurants in February–March 1992, and then again in November–December 1992. They asked questions about full- and part-time workers, wages, benefits, and prices. From their statistical analysis of those survey data, Card and Krueger not only "find no evidence that the rise in New Jersey's minimum wage reduced employment at fast-food restaurants in the state," but "find that the increase in the minimum wage increased employment." Indeed, the Card/Krueger statistical analysis suggests that the 18.8-percent increase in the New Jersey minimum wage yielded a 20.8-percent increase in employment relative to the Pennsylvania sample.

ONE IMMEDIATE PROBLEM IS THAT THE authors looked only at major fast-food chains: Elementary economic analysis does not say that if you increase the minimum wage, employment will go down in *every* business—or in any particular business. The higher minimum wage might have differing impacts across firms. Indeed, it is possible that the major fast-food chains might emerge better off if the increased minimum wage raises costs at such smaller competitors as mom-and-pop fast-food stands.

Moreover, the Card/Krueger study turns out to have a major flaw: The survey data upon which it depends are lousy.

Suspicious of the Card/Krueger data and findings, the Employment Policies Institute gathered the actual payroll records from the Burger King franchises in the Card/Krueger zip codes and compared them to franchises surveyed in those zip codes. The survey data were wildly inconsistent with the payroll records. (The payroll sample also includes some restaurants that Card and Krueger missed.)

Independently, David Neumark of Michigan State and William Wascher of the Federal Reserve noticed that the variation in employment changes across the surveyed restaurants in the Card/Krueger sample seemed implausibly large—some restaurants had supposedly added huge numbers of employees while others had supposedly cut large numbers. In relatively small businesses, this sort of fluctuation seemed odd.

People who advocate increasing the minimum wage often argue that it will help "the poor." But the minimum wage tends to shift employment within the class of low-skilled workers, squeezing "the underclass" out of jobs in favor of less-risky, more-productive employees.

So Neumark and Wascher reviewed the payroll employment data gathered by EPI. When they applied the payroll data to the same econometric model used by Card and Krueger, they got completely different results. The variation in employment changes declined markedly, and analysis of the new data yields an estimated 4.8-percent *decline* in New Jersey employment relative to the Pennsylvania sample as a result of the higher minimum wage. Where payroll data could be compared with survey data for specific restaurants, Neumark and Wascher also found numerous errors in the Card/Krueger data.

Looking just at Burger King restaurants, for instance, the Card/Krueger survey data show employment declines in two of three Pennsylvania zip codes, while the payroll data show employment increases in all three zip codes. Neumark and Wascher conclude that the questions used by Card and Krueger were too vague to generate precise information. For example, the survey asked how many "full-time" and "part-time" employees a restaurant had. But it didn't define either those terms (40 hours a week? 30?) or the relevant time period (within the last week? month? year?), leaving different restaurant managers to define the question differently. In short, using the actual payroll data instead of the survey "guesstimates" effectively refutes the Card/Krueger findings yielded by the New Jersey/Pennsylvania "natural experiment."

• *The Card State-Group Study.* In another study, Card uses the April 1990 increase in the federal minimum wage (from $3.35 to $3.80 per hour) to produce another "natural experiment." He reasons that the increase ought to have affected various states differently. The new minimum would make a big difference in states where relatively few low-skilled workers earned $3.80 an hour before the increase; it would not matter as much in states where many low-skilled workers were already earning at least $3.80.

Card notes that in 1989 the proportion of teenage workers earning between $3.35 and $3.79 an hour varied from less than 10 percent in the New England states and

California to more than 50 percent in many southern states. Accordingly, he divides the states into "high-wage," "low-wage," and "medium-wage" groupings.

THE CENTRAL ISSUE IS WHAT HAPPENED TO employment across the state groupings. In the crude group comparisons, Card finds a larger fall in teenage employment in the high-wage states than in the low-wage states, an outcome inconsistent with the traditional view of the minimum wage. Indeed, he finds an *increase* in teenage employment in the low-wage states, with no effect in the medium-wage group.

But of course, the minimum wage isn't the only factor affecting employment. The state's general economic climate and growth rate are also important. Card recognizes that differences in economic conditions and other factors might account for his findings. After controlling for them econometrically, he concludes that such differences in labor market conditions might in fact explain all of the variation in teenage employment growth. But he says also that "there is no indication of an adverse employment effect [caused by the increased minimum wage] in the low-wage states...."

That latter finding is quite weak: It would be one thing to find that an increase in the minimum wage yielded an increase in low-skilled employment, other things being equal. But to say that no negative effect can be found in the data means next to nothing. It says little more than the data are so imprecise or there is so much measurement error that the predicted effect is difficult to discern. The effect of the minimum wage gets lost in the noise—a weak basis indeed for fundamental change in the traditional view of the minimum wage.

And employers don't necessarily wait for the minimum wage to rise to cut jobs. They may have sufficient advance notice to make gradual adjustments accordingly. The Card paper ignores this. Neither does it look at reductions in fringe benefits or, even more important, changes in man-hours hired—the more relevant parameter—as opposed to numbers of teenagers working.

Most important, the Card analysis examines employment changes over a one-year period; but it is very easy to believe that the demand for low-skilled labor over so short an adjustment period is highly inflexible ("inelastic"). Looking over a longer adjustment period might very well show stronger employment effects. After all, wages on average rose by only 6 percent in the low-wage states; if businesses adjust gradually to wage increases—for instance, by reducing employment through attrition—the resulting employment effect might be real but too small to discern in the data over a short period.

One immediate problem is that the authors looked only at major fast-food chains: Elementary economic analysis does not say that if you increase the minimum wage, employment will go down in *every* business. The higher minimum wage might have differing impacts across firms.

• *The Card California Study.* California raised its minimum wage from $3.35 an hour to $4.25 an hour in July 1988; the federal minimum wage remained unchanged at $3.35. In this third paper, Card tries to test the effect of the minimum wage by comparing changes in low-skilled employment in California with changes in a group of "comparison states." Looking at the 1987–89 period, he concludes that the data suggest "a gain in [California] employment following the rise in the minimum wage." He also argues that "groups with a higher fraction of low-wage workers do not appear to have suffered any relative losses in employment" as contrasted with trends in the comparison states.

Card argues in this paper that his control areas—Arizona, Florida, Georgia, New Mexico, and the Dallas–Fort Worth area—were "a legitimate control group" for California over the 1987–1989 period in terms of economic growth and other important parameters. But that premise is highly debatable, as the data in Table 1 show. Real growth in California was substantially greater than the weighted average for the comparison group, with the exception of 1988; that anomaly is due largely to strong growth in Texas (included as a proxy for growth in the Dallas–Fort Worth area) that year. It is hardly surprising, then, that California produced more jobs for low-skilled workers.

More fundamentally, Lowell Taylor of Carnegie-Mellon has examined employment growth (or losses) across California counties and across California retail sectors when the minimum wage went up. In counties and retail sectors in which the increased minimum had the greatest wage impact, Taylor finds the greatest adverse employment effects as well, a refutation of the Card findings.

• *The Katz/Krueger Study of Texas.* Princeton's Krueger and Harvard's Lawrence Katz surveyed well over 100 fast-food restaurants in metropolitan areas of Texas (from the Burger King, Wendy's, and Kentucky Fried Chicken chains) in December 1990 and in July and August 1991. These surveys followed the increases in the federal minimum wage in April 1990 and April 1991. With complete data for 100 restaurants, the authors' statistical analysis finds greater employment growth in the restaurants most affected by the increase in the minimum wage. In other words, the increases in the minimum wage yielded *increases* in fast-food employment, or, at a minimum, no effects upon that employment.

First, the Katz/Krueger sample is limited to restaurants operating both before and after the increases in the minimum wage. If the increases forced some out of business, or reduced the rate at which new restaurants were opened, the analysis, as Katz and Krueger recognize, would fail to pick up that change. It would therefore un-

derestimate the adverse employment effect of the higher minimum wage.

More important, the Katz/Krueger analysis emphasizes wage differences across fast-food restaurants in Texas. Logically, the increase in the minimum wage ought to have affected low-wage establishments the most, but Katz and Krueger find greater employment growth in those restaurants. This is less meaningful than it may appear.

At the time, low-wage regions of the United States were growing faster overall than high-wage areas. The same might have been true within Texas, but the Katz/Krueger analysis does not control for different growth rates. And if low-wage areas were growing faster, employment might still have jumped despite the increase in the minimum wage. In short, the Katz/Krueger paper provides little basis to reject the traditional view of the employment effect of the minimum wage.

THUS DOES THE LAW OF DEMAND STILL stand. New research by Donald Deere and Finis Welch of Texas A&M and Kevin M. Murphy of the University of Chicago finds substantially greater employment losses after the 1990 and 1991 increases in the federal minimum wage for population groups with larger proportions of low-wage workers, high school dropouts, and minority dropouts.

Moreover, people who advocate increasing the minimum wage seem not to have examined its income distribution implications carefully; instead, they make the usual glib argument that an increase in the minimum wage will help "the poor" or even, in President Clinton's words, "the underclass." But the minimum wage tends to shift employment within the class of low-skilled workers, from those with relatively less productivity to those with relatively more—squeezing "the underclass" out of jobs in favor of less-risky, more-productive employees.

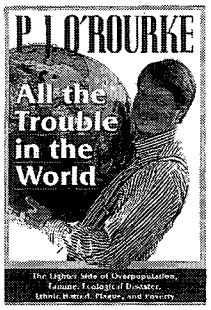
And, of course, many people working at the minimum wage are not "poor." They may be middle- or upper-class teenagers working part-time, second earners in a family, seniors working to keep busy, etc. Michael Horrigan of the Bureau of Labor Statistics and Ronald Mincy of the Urban Institute report data for 1987, dividing into income quintiles all "minimum wage families"—families in which at least one person works at the minimum wage. Table 2 presents their findings. Far from what advocates of the minimum wage would have us believe, most minimum wage families are not poor; indeed, about 60 percent are in the middle of the income distribution or higher.

The effect of the minimum wage is an important subject for scholarly exploration and debate. But it is one thing for scholars to write papers challenging conventional wisdom, which then can be subjected to debate and renewed analysis. It is quite another for politicians to latch onto new findings uncritically in their pursuit of interest group advantage. A willingness to argue that water flows uphill is precisely the present stance of the Clinton administration with respect to the minimum wage, and it is unlikely to yield salutary outcomes.

The Katz/Krueger sample is limited to restaurants operating both before and after the increases in the minimum wage. If the increases forced some out of business, or reduced the rate at which new restaurants were opened, the analysis would therefore underestimate the adverse employment effect of the higher minimum wage.

Benjamin Zycher is vice president for research at the Milken Institute for Job and Capital Formation in Santa Monica.

HAVE THE LIBERALS GOT TROUBLE NOW!



O'Rourke gives his hilarious take on the problems of the world, attacking fashionable worries—famine, plague, racial hatred, poverty and overpopulation—that drive so many of our fellow citizens to distraction, or to political lunacy. Political correctness will never be the same.

Published at $21.00
OUR PRICE ONLY $17.95
(plus $1.50 S&H)

CALL TOLL FREE
1-800-326-0996
Or send your check to
LAISSEZ FAIRE BOOKS
938 Howard St., Dept. RJ8,
San Francisco, CA 94103

POWER INVESTING

THE COLLECTIVISTS ARE KILLING THE ECONOMY. BUT YOU CAN PROSPER WITH THIS FAST TRACK INVESTMENT OPPORTUNITY.

A professional futures market speculator (and writer on Objectivism and Libertarianism) will soon offer private managed accounts to qualified investors. No minimum account size. Fees based on percentage of profits. Original, sophisticated, highly-leveraged trading system; fully computerized; massive database; thirty-five years of experience.

You still have time to preserve and enhance your capital base with our unique recession-proof and depression-proof investment program. Extensive documentation is available.

GOLDEN HARVEST
FUTURES RESEARCH
6190 Spring Arbor Road
Jackson, Michigan 49201
517-750-2500

Liberating *Liberal*

By Nick Gillespie

It's time to take back the name.

THESE ARE PRETTY GOOD TIMES FOR libertarians. Some of the policy proposals put forth by the Republican troika of Gingrich, Armey, and Gramm are explicitly libertarian (such as abolishing the FCC); others are implicitly so (such as reducing taxes and the scope of government). The Libertarian Party is doubling its national staff. A 1994 Gallup poll categorized a hefty 22 percent of the country as "libertarian."

"Libertarian Impulses Show Growing Appeal" reads a recent *Wall Street Journal* headline. Why, going libertarian is so hip now that dubious presidential candidate Sen. Arlen Specter—heretofore known for creating the single-bullet theory for the Warren Commission, hemming and hawing with Anita Hill, appearing post–brain surgery with a shaved head, and voting aye on massive government spending—even claims to be one.

And yet, it's hard to find a "libertarian" who is satisfied with the name, which only came into common usage in the late 1960s. The list of complaints is a long one—it's clumsy, it's associated with kooky causes, it's obscure, it's clichéd—but it all adds up to the simple fact that *libertarian* just doesn't cut it. If it's true that "a good name is better than precious ointment"—and the Book of Ecclesiastes, the only book in the Bible with a #1 hit ("Turn! Turn! Turn!") under its belt, says it is—then we libertarians must admit that we're stuck with the equivalent of Vick's Vapo-Rub: It gets the job done, but it pretty much stinks up the joint.

Those of us uncomfortable with *libertarian* are in distinguished company. When push came to shove for F.A. Hayek, the intellectual *capo di tutti capi* of contemporary libertarianism, he chose to call himself an "Old Whig—with the stress on the 'old.'" George Mason University's Institute for Humane Studies, perhaps the premier libertarian outpost in academia, uses the offending word interchangeably with *classical liberal* in its mailings while the Cato Institute, the inside-the-Beltway libertarian think tank, uses *market liberal*. Even REASON's motto—"Free Minds and Free Markets"—eschews the L-word.

The major problem with *libertarian* may be that it is devoid of significant, obvious content. Most of the word *liberty* is in there, but it somehow gets lost in the suffix *-arian*. Such a confusing etymology results in ideological hybrids as strained and embarrassing as the half-man, half-animal creations that wandered the island of Dr. Moreau.

HENCE, THE *CIVIL LIBERTARIAN*, WHO USUally believes that people should be allowed to say and do whatever they want, unless it relates to making money, owning property, or criticizing bureaucratic social programs. Or the *paleolibertarian*, who wish they was in Dixie. Or the *libertarian socialist*, Noam Chomsky's puzzling self-description. What *can* the linguist gone leftist mean—that you're free to do whatever the state orders you to do?

Or Bill Buckley's recent use of the term *libertarian journalist* in the subtitle of his latest book, *Happy Days Were Here Again: Reflections of a Libertarian Journalist*. This is strange language from the de facto pontiff of the conservative movement, a man who once boasted that his magazine, *National Review*, "stood athwart history, yelling stop," and who eulogized Murray Rothbard as follows: "We extend condolences to his family, but not to the movement he inspired." Somehow, those are sentiments libertarians shouldn't even be thinking, much less saying in public.

Clearly, *libertarian* invites such usage problems. But what might we call ourselves? One thing we can do from the getgo is rule out Hayek's own preferred designation, "Old Whig—with a stress on the 'old.'" That seems more appropriate as a description of an Andy Rooney-esque curmudgeon than a philosophy interested in market dynamism and spontaneous social orders.

We should also put the kibosh on "classical liberal." This term, though somewhat descriptive, is too nostalgic for such a forward-looking group as libertarians. Think of other "classical" or "classic" things that pass themselves off as somehow harkening back to a golden age. There's classic rock, for example, which, taking a page from *National Review*, stands athwart pop music mumbling the lyrics to "Freebird" and "Smoke on the Water."

Who wants to be classic, or classical, anyway? Despite the fact that Old Spice markets a "classic" deodorant, the appeal to a pristine past remains a gamey advertising strategy at best. Classic cars, classical music, classical liberalism—it's just another way of announcing: "Thanks, but I stopped being relevant *years* ago."

Names that highlight the economic basis of libertarianism offer some hope. The Cato Institute's *market liberal* rightly implies the centrality of voluntary exchange, but it also comes perilously close to reducing mankind to that penny-pinching Marxist straw man, *homo economicus*. (And, given revelations of Hillary Clinton's commodities trading, "market liberal" has gained an unintentionally ironic sub-definition.) Other commerce-oriented possibilities fail too: *Marketeer* has some punch, but it sounds too much like *mouseketeer* to be taken seriously. *Privateer* is rousing, but the pirate angle is overripe for parody.

In the face of the readily available alternatives, *libertarian* doesn't seem so

bad. But we should consider a modification of the strategy proposed by Milton Friedman in his 1961 essay "Capitalism and Freedom." In outlining the case for libertarian values, Friedman talked about the "new liberalism" which was, in fact, a return to 19th-century liberalism. Let us do the Nobelist one better and restake our unfettered claim to the dreaded L-word itself: *liberal.*

After all, it was *ours* first and, given our interest in property rights, it's only right that we take it back. And with left-liberalism apparently on the ropes, this is the perfect opportunity to redefine *liberal* in our terms.

Throughout the late 18th and the 19th centuries, *liberal* meant essentially what *libertarian* means today. Liberals were preoccupied with individual liberty, favored laissez-faire economics and a minimal state, and balanced respect for traditional social arrangements with support for constitutional reforms guaranteeing personal freedom.

Of course, reclaiming *liberal* won't be an easy task. It will require the rhetorical equivalent of a "Take Back the Night" strategy. It will require us to bother and condemn people in otherwise polite, casual conversation—something for which libertarians are well-known anyway.

When people describe themselves as "liberal," we will have to demand an immediate clarification: "Do you mean to say that a centralized government combining the moral integrity of Ted Kennedy with the economic acumen of FDR should dictate virtually all aspects of social, political, and economic life? That you're a paternalist who thinks people are too stupid to think for themselves? Or do you mean that people are ends in themselves and should be free to say and do whatever they want as long as they don't infringe on other people's rights? That you agree with the dictum that the government that governs least governs best?"

No, it won't be pretty. But then again, neither is *libertarian.*

Nick Gillespie, a libertarian libertarian, is assistant editor of REASON.

RICHARD A. EPSTEIN

NEW IN CLOTH

Simple Rules for a Complex World

Too many laws, too many lawyers—that's the necessary consequence of a complex society, or so conventional wisdom has it. Countless pundits insist that any call for legal simplification smacks of nostalgia, sentimentality, or naiveté. But the conventional view, Richard Epstein tells us, has it exactly backward. The richer texture of modern society allows for more individual freedom and choice. And it allows us to organize a comprehensive legal order capable of meeting the technological and social challenges of today on the basis of just six core principles. In this book, Epstein demonstrates how. He offers a sophisticated agenda for comprehensive social reform that undoes much of the mischief of the modern regulatory state. At a time when most Americans have come to distrust and fear government at all levels, Epstein shows how a consistent application of economic and political theory allows us to steer a middle path between too much and too little.

NEW IN PAPERBACK

Forbidden Grounds

THE CASE AGAINST EMPLOYMENT DISCRIMINATION LAWS

"Epstein has convinced me...that the abuses of the anti-discrimination laws are so intimately connected with misconceptions in the laws themselves that any benefits from them will always be far outweighed by the harm they do." —Harry V. Jaffa, WALL STREET JOURNAL

"No one who writes on this subject again can be taken seriously if he or she does not confront the analysis presented here by Epstein." —Thomas Sowell, FORBES

At bookstores or from
Harvard University Press
800 448 2242

CANCEL YOUR PLANS FOR DOOMSDAY
PLANET EARTH IS ALIVE AND WELL

A MOMENT ON THE EARTH
THE COMING AGE OF ENVIRONMENTAL OPTIMISM

GREGG EASTERBROOK

"Will be the most influential book since *Silent Spring*"
—William K. Reilly, former administrator, Environmental Protection Agency

IN BOOKSTORES FROM VIKING

Photo © Comstock, Inc.

Wretched Refuse

By John J. Miller

Alien Nation: Common Sense About America's Immigration Disaster, by Peter Brimelow, New York: Random House, 329 pages, $23.00

PETER BRIMELOW NEVER COMES right out and says it, but he clearly thinks that today's immigrants threaten America's future more than southern secession, the Great Depression, or the Cold War ever did. "America has never faced a greater challenge," he claims in *Alien Nation*. Indeed, the very first sentence of this scaremongering book outlandishly invokes the image of goose-stepping Nazis: "Current immigration policy is Adolf Hitler's posthumous revenge on America," writes Brimelow. He never really explains why this is so, but that's fairly typical for this disappointing book of half-explanations and half-truths.

It had promised to be so much more. As a writer for *Forbes*, Brimelow for years has deservedly earned high marks for his reporting on the environment, regulation, and other issues. His exposés on teacher unions are classic. So when he penned an issue-length essay for *National Review* in 1992 arguing to cut back on immigration, Brimelow was taken very seriously by the free-market conservatives who intuitively oppose such measures. He set off a fierce debate on the right and quickly became a standard-bearer for anti-immigrant forces. *Alien Nation* is ostensibly a set of marching orders, a book that could do for immigration what Dinesh D'Souza did for political correctness or what David Brock did for Anita Hill.

It won't. *Alien Nation* spends so much time blaming so many things on immigrants that it rarely bothers to stop, take a deep breath, and focus on one matter at a time. To Brimelow, just about every aspect of the current wave of immigrants represents an unmitigated tragedy for the United States. Today's newcomers, he argues, fracture American culture. They hurt the environment. They bring diseases. They have the curious habit of both stealing jobs from Americans and going on the dole. Pick a problem—any problem—and somewhere in this book Brimelow will find a way to blame it on immigrants.

This tendentious fault finding pervades *Alien Nation*. Consider, for example, how Brimelow cites the Alexis de Tocqueville Institute's 1990 poll of leading economists. In this survey, 80 percent concluded that the United States has profited from 20th-century immigration and another two-thirds thought that increased immigration would boost U.S. living standards. Brimelow's spin: "[I]mmigration is a subject that much of the American elite gets emotional about" and "economists are part of the elite benefiting at the expense of their fellow Americans." Both of these points may be absolutely true, but they hardly negate the opinions of a group that included James Buchanan, Milton Friedman, and John Kenneth Galbraith.

To engage its topic seriously, *Alien Nation* would have to dispense with its ad hominem cynicism and deliver a full-blown discussion of the good, bad, and unquantifiable impacts of immigrants on our economy, culture, and society. It never does. Like a kid with a short attention span, it's too eager to rush off for more fun somewhere else. The book's arguments mimic a blunderbuss as they blast scattershot in a dozen different directions at once; most miss their targets entirely or just fizzle into failure.

Brimelow fritters away far too many pages discussing how he came to write his book, comparing himself to Thomas Paine, and revealing his astrological sign (he's a Libra). He also relates many irrelevant details about the personal lives of other people, especially pro-immigrant economist Julian Simon. (Brimelow refers to Simon's odd sleeping and working habits, talks about how Simon went through a long period of severe depression and contemplated suicide, etc.) These details tell us nothing about immigration, which Brimelow is ostensibly writing about. Brimelow tries to cast Simon as a slightly odd person, which in turn is supposed to detract from his pro-immigration views. It's strictly ad hominem stuff, and rather repugnant. Upon finishing the last page, with its allusions to flying pigs and the French Revolution, one conclusion is certain: *Alien Nation* isn't a struggle to *think* through, it's a struggle to *get* through.

PERHAPS THE WORST THING IMMIGRANTS do is fuel Brimelow's feverish prose. "The nearest thing to a precedent" for today's influx, he argues, is the 5th-century Roman empire, which was overrun by Vandals, Visigoths, and other assorted villains. Yet we moderns actually have it much worse than the Romans ever did: "[T]he Germans were Western Europeans. They were virtually identical to the populations they conquered and with whom, in most cases, they proceeded quickly to merge." Americans should be so lucky! The dusky hordes of Mexico won't go nearly as easy on us. (The Huns,

HENRY PAYNE

by the way, weren't exactly "Western Europeans.")

This sentiment—white barbarian armies aren't as bad as nonwhite migrants—highlights the unsettling racialist vision underscoring *Alien Nation*. America, says Brimelow, has a "specific ethnic core" of "white" people. What he seems to forget is that this supposed core is actually made up of many ethnicities. They may seem more or less alike today (don't tell my Irish-American father-in-law!), but only by way of a certain historical blindness.

When boatloads of Greek, Italian, and Jewish people arrived on American shores around the turn of the century, they didn't all embrace each other like long-lost cousins. They came from Europe, a place where there are no "whites"—only Bulgarians, Norwegians, Spaniards, Welsh, etc. They viewed themselves as profoundly different from one another, as well as from the largely Anglo native population. Most had very mixed feelings about assimilation, and they struggled both to cling to their old ways and to adapt in a new land. What their descendants share today is a *culture* distilled mainly from the British Isles, but with distinctly American peculiarities.

Today's newcomers may seem as strange to us as many of our grandparents did to Woodrow Wilson, who once accused "hyphenated Americans" of divided national loyalties. About 85 percent of immigrants to the United States over the past 25 years have come from nontraditional source countries in Asia, the Caribbean, and Latin America. To Brimelow, this remarkable diversity of people boils down to a simple "Us vs. Them" equation. Immigrants from such disparate places as Korea, Haiti, and Guatemala all hail from "one area," namely, the "Third World."

For Brimelow, they are people like Colin Ferguson, the Jamaican-born madman who opened fire on a crowded Long Island Rail Road train in 1993. Ferguson is an archetype, argues Brimelow, an immigrant everyman. His "particularly instructive" case raises the question "in any rational mind" of whether it's "really wise to allow the immigration of people who find it so difficult and painful to assimilate into the American majority."

Follow that reasoning? It goes something like this: Colin Ferguson is an immigrant. Colin Ferguson is bad. Therefore, all immigrants are bad.

There was a time when they weren't all bad, Brimelow admits. "Let's be clear about this: the American experience with immigration has been a triumphant success," he writes. But he's disturbingly clear about something else, too: "Then, immigrants came overwhelmingly from Europe, no matter how different they seemed at the time; now, immigrants are overwhelmingly visible minorities from the Third World."

This sounds very much like the anti-immigrant rhetoric of roughly 80 years ago, when Southern and Eastern Europeans were also "visible minorities." It doesn't take much effort to track down hysterical quotations from respected public figures panicking over how Hungarians would deracinate America. Many scholars used to split Europeans into three different groups: Nordics (best), Alpines (so-so), and Mediterraneans (wretched). Today we can laugh at this pigeonholing. But these ideas undergird the 1924 National Origins Quota system, which made it very hard for immigrants from anywhere outside Northern Europe to gain admission to the United States. This law essentially shut off the flow of immigrants from Southern and Eastern Europe, whose numbers peaked in 1907. It remained more or less in place until 1965, when racism became unfashionable and Congress overhauled immigration policy.

As a direct result of these reforms, Brimelow argues, the United States is headed toward "dissolution." If current trends continue, he prophesies, the country will divide into Quebec-like enclaves based on race and ethnicity: "[A]n Anglo-Cuban society like Greater Miami is going to have little in common with an Anglo-black society like Atlanta or even an Anglo-Mexican society like San Antonio. These will be communities as different from one another as any in the civilized world. They will verge on being separate nations."

But Brimelow's scare scenarios are neither particularly plausible nor particularly frightening. For a preview of our nightmarish future, for instance, *Alien Nation* turns to contemporary British Columbia. It seems that in Vancouver, "wealthy Chinese families are buying choice Victorian houses in wooded residential areas" and cutting down all the trees. They apparently do this because a Chinese superstition says that evil spirits live in the trees, writes Brimelow. Whatever the reason, "This behavior is deeply shocking to Vancouver standards." It represents "a genuine conflict of values....And it would not have happened without immigration." (Brimelow learned about this grave situation, incidentally, from participating in "a radio-call-in show.")

There's much more at stake with assimilation than suburban plant life, of course. The rise of multicultural and bilingual education is a distressing sign. Group entitlements can't peacefully coexist for long with individual rights. Despite the best efforts by the government to promote divisiveness through its public policies, however, today's newcomers give plenty of reasons to have faith in their assimilative capacity. Intermarriage rates are high. One-third of U.S.-born Hispanics marry non-Hispanics, and similar rates prevail among Asians. They're having lots of kids. More than 1.5 million children have one Hispanic and one non-Hispanic parent. In 1989, there were over one-third more births to exogamous Japanese/white couples than there were to endogamous-Japanese couples.

DEMOGRAPHERS REGULARLY REMIND US that the United States will become a "majority-minority" nation in the next century. But our concepts of race and ethnicity won't fit for much longer into the neat little boxes devised by Census bureaucrats. They will implode under the mounting pressure of Americans claiming unique combinations of ancestors from places such as Cambodia, El Salvador, and Senegal. Just as the Croatians, Czechs, and Poles of the early 1900s

eventually broadened our notions of pluralism and identity, so will today's newcomers. According to a poll taken last year by the National Conference of Christians and Jews, many immigrants already feel like they're fitting in. When asked with which racial or ethnic group they shared most in common, both Asians and Hispanics picked whites—"the American majority" whose erosion so worries Brimelow.

Complete assimilation might take a couple of generations, it might seem to stall from time to time, and it will surely come with plenty of rough spots. But it will happen, just as it always has. By the time 2050 rolls around, today's furor over immigration will seem like nothing more than another episode in the long series of fusses Americans have had over every group of strangers at our gate. If we're still using terms like "majority-minority," they will probably mean something entirely different and unexpected.

Instead of grappling with these issues, however, Brimelow fantasizes about "America's white heartland" in the "intermountain West" and even "the Pacific Northwest going off with an independent British Columbia and Alberta." His belief that multiracial and multiethnic societies cannot work eventually turns into demands for ending immigration entirely, pleas for a national identity card, and pitches for restrictionist groups like the Carrying Capacity Network, the Federation for American Immigration Reform, and Negative Population Growth.

We've seen declinist anxieties over immigration come and go before. Brimelow simply trumpets their arrival once again, parroting much of what's been said in the past and occasionally updating it for the 1990s. Even if immigration enthusiasts have not always won their political fights, they can at least take comfort in knowing that history has typically vindicated their thinking. Immigration to the United States has been, to borrow Brimelow's phrase, "a triumphant success." It remains so today. And there's no reason to impose a moratorium on our optimism about it now. ◆

John J. Miller is vice president of the Center for Equal Opportunity in Washington, D.C. He recently compiled The Index of Leading Immigration Indicators.

Gertrude Himmelfarb: She looks at Victorian England and finds much that is good, including the way Victorians stigmatized those on "relief." Humanitarians in that era wanted to help only poor people who were unable to support themselves.

Values Judgments

By David R. Henderson

The De-moralization of Society: From Victorian Virtues to Modern Values, by Gertrude Himmelfarb, New York: Alfred A. Knopf, 306 pages, $24.00

IN THE EARLY 1970S, I WAS A GRADUATE teaching assistant at UCLA in an undergraduate course taught by Charles Baird, a free-market economist. After explaining to the class the problems with the current welfare system—its disincentive to work, the amount of life-arranging (his word) that social workers do, etc.—Baird proposed as an alternative Milton Friedman's idea of a negative income tax.

Under Friedman's plan, the panoply of different government aid programs would be replaced by a simple cash giveaway, administered through the tax system, with no money specifically earmarked for certain items, as with food stamps, and no pesky social workers trying to manage your life. Poor people would be able to spend their welfare payment on anything they wanted.

Shortly after the class, an undergrad—one of the more promising and apparently idealistic ones, I might add—came by to discuss the Friedman proposal further. I expected him to focus on the proposal's effect on the poor. Instead, he considered solely its effect on himself.

He had calculated that under the Friedman plan he could be independent of his middle-class family because he would qualify for the negative income tax himself. I was stunned. Where I grew up, in rural Canada, there was a stigma about taking welfare. I had simply trusted that this stigma would be strong enough that few young, healthy people would take advantage of a negative income tax. This student challenged my naïveté, and unwittingly made me an opponent of the negative income tax.

I was reminded of that incident while reading Gertrude Himmelfarb's *The Demoralization of Society*. Himmelfarb, a history professor at the City University of New York, takes a fresh look at Victorian England—an era my 40-something generation was taught to ridicule—and finds much that was good. One of the good things was the way Victorians stigmatized those on "relief." We are told today that welfare should carry no stigma, because that is demeaning and dehumanizing to those dependent on it. The Victorians believed exactly the opposite.

HUMANITARIANS IN THAT ERA WANTED TO help only poor people who were unable to support themselves. Thus, they *wanted* able-bodied people on relief to

BARBARA RIES

feel stigmatized by those around them, as a way of motivating them to get off welfare as soon as possible. They wanted those who could be poor and independent not to turn into paupers, that is, people who were permanently dependent on others for their daily sustenance. They thought a lot about how to reduce this permanent dependence.

Their thinking led them to believe in "less-eligibility," which was the basis for the Poor Law reform of 1834. Before that welfare reform, people were entitled to relief. The 1834 law tightened eligibility. According to the principle of less-eligibility, the condition of the "able-bodied pauper" should be less "eligible," less desirable, than the condition of poor self-supporting laborers. Less-eligibility led to the workhouse principle, the idea that to get relief, the able-bodied pauper and his family (but not the sick, the aged, and widows with small children) would have to live in workhouses.

Weren't these workhouses the hellholes that Charles Dickens portrayed in *Oliver Twist*? Certainly not always. French writer Hippolyte Taine, who observed England in the 1860s, reported that the workhouse he visited was spacious and clean, the children were taught in classrooms, and the diet included meat once a week—a luxury in those days.

Though workhouses weren't the hellholes of popular myth, they did take away people's freedom and segregate them from the general community. And it worked. Taine reported that of the 350 "inmates," not one was a single able-bodied man.

"They prefer to be free and starve," he wrote. "The workhouse is looked upon as a prison and the poor make it a point of honor never to enter one."

The data on workhouse expenditures confirm that the reform worked in discouraging dependency. Annual expenditures averaged 6.7 million pounds in the five years before the reform and 4.5 million pounds after, in spite of a population increase of 1 million.

Illegitimacy has always been a decent predictor of future social pathologies. The Victorians, writes Himmelfarb, also condemned women who had children out of wedlock. While I still think condemnation was too harsh, contrast that to three years ago, when former Vice President Dan Quayle was the one condemned for even suggesting there might be problems associated with illegitimacy.

Himmelfarb quotes the recently departed surgeon general, Joycelyn Elders, who, asked whether having children out of wedlock should be condemned, answered: "No. Everyone has different moral standards....You can't impose your standards on someone else." This difference in moral outlook, argues Himmelfarb, is responsible for a huge difference in results. She notes that whereas in 1901 only 4 percent of births in England and Wales were out of wedlock, by 1992 the figure was 32 percent.

HIMMELFARB'S SUBTITLE, "FROM VICTORIAN Virtues to Modern Values," highlights the importance of words. What the Victorians called "virtues," we call "values." And the change in words speaks volumes. *Virtue* connotes something that is rock solid and definitely not arbitrary. *Value* sounds squishier, more subjective.

Himmelfarb notes that modern "moral education" courses explicitly avoid educating people about morality. Instead, the values clarification technique has students "discover" their own values by "exploring their likes and dislikes, preferences and feelings"—as if likes and dislikes have anything to do with morality. The Victorians would have little tolerance for this ethical relativism that surrounds us today.

Instead, the Victorians believed in the bourgeois virtues—being honest, industrious, punctual, sober, and law-abiding, to name a few. Living by these virtues almost guarantees that dependency will not become a problem. Those virtues also resulted in a very civil, and very safe, society. Hippolyte Taine wrote: "I have seen whole families of the common people picnicking on the grass in Hyde Park; they neither pulled up nor damaged anything." And, notes Himmelfarb, Britain's crime rate during the Victorian era was very low. By 1901, near the end of the Victorian era, the crime rate bottomed out at 250 indictable offenses per 100,000 population. Compare that to Britain's 1991 rate of 10,000, a staggering 40 times that 1901 rate. Taine commented, "The aim of every society must be a state of affairs in which every man is his own constable, until at last none other is required." The modern emphasis on values over virtue has done little to help us achieve this noble aim.

But Himmelfarb believes that abandoning failed welfare policies and releasing the resources of the free market wouldn't be enough to achieve that aim either. Faith in free markets, writes Himmelfarb, "underestimates the moral and cultural dimensions of the problem." Traditional values, she argues, must be legitimated, and this is difficult when the state and the dominant culture are legitimating their opposite.

Those who want to resist the dominant culture, asserts Himmelfarb, "may be obliged, however reluctantly, to invoke the power of the law and the state, if only to protect those private institutions and associations that are the best repositories of traditional values." She does not say clearly which powers of the state she would invoke and for what, but her further discussion hints that she would have no trouble with anti-pornography laws, for example.

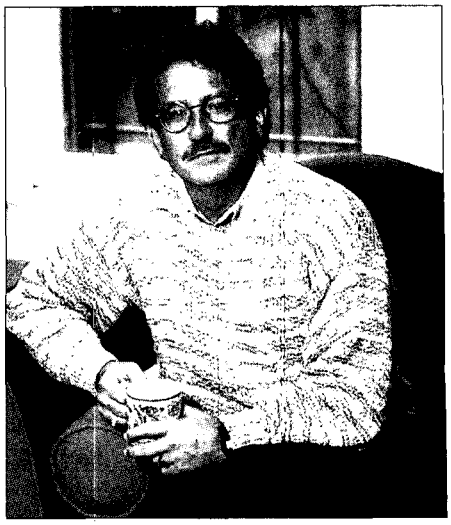
Himmelfarb is right that a cultural change is needed. But she is wrong to believe that "invoking the power of the state" is the way to get there. Though she seems to understand the strong connection between government welfare policies and the decline in culture, she doesn't take the obvious next step: calling for a radical downsizing of government.

But only a large cut in government welfare programs, with abolition of most, can set the cultural forces in motion that would lead to declines in illegitimacy, crime, and other social pathologies. Trying to change the culture without changing its underlying incentives is, well, silly.

David Frum said this well in his 1994

book, *Dead Right*. In discussing the major strands of 1990s American conservatism, Frum wrote: "Conservatives who throw in the towel on issues like Social Security and Medicare and welfare in order to direct their full attention to 'the culture' are attempting to preserve bourgeois values in a world arranged in such a way as to render those virtues at best unnecessary and at worst active nuisances. The project is not one that is very likely to succeed."

Contributing Editor David R. Henderson is an associate professor of economics at the Naval Postgraduate School in Monterey, California, and the editor of The Fortune Encyclopedia of Economics.



Stanley Greenberg: Clinton's pollster's misunderstanding of popular sentiment demonstrates the risk in trying to interpret poll results—that your own opinion instead of your respondents' guides the outcome.

CARL COX

Out-of-Focus Groups

By John Hood

Middle Class Dreams: The Politics and Power of the New American Majority, by Stanley B. Greenberg, New York: Times Books, 338 pages, $25.00

THE MOST ATTENTIVE AUDIENCE FOR political punditry is people with forgetful minds. Today's conventional wisdom so easily becomes tomorrow's unintended hilarity that pollsters and commentators must rely on short attention spans to be taken seriously. How many political experts predicted, in the post-Carter world, that little-known governors from small southern states could never be elected to the presidency again? How many predicted that George Bush, with a 91-percent approval rating after the Gulf War, was invulnerable in 1992?

Fortunately for the punditry industry (in which I've worked myself), the news cycle for political predictions and insights rarely lasts more than a month. Of course, that doesn't protect you if you go and do a bonehead thing like write a book, as Washington reporter Peter Brown did in 1991 with his well-reviewed but slightly off-kilter *Minority Party: Why the Democrats Face Defeat in 1992 and Beyond.*

Stanley B. Greenberg, President Clinton's pollster, is punditry's newest bonehead. In his *Middle Class Dreams*, Greenberg set out to chronicle a sea-change in American politics—the reuniting of poor voters with the middle class in a rejuvenated and populist Democratic Party—by comparing his boss Bill Clinton to Franklin Roosevelt in terms of the permanence of their political influence. But before the book was completed, an inconvenient event happened in November 1994 that made Greenberg's task a bit more challenging. The Democrats got shellacked, with no Republican incumbents losing reelection. Greenberg's thesis was disproved. Indeed, Democratic candidates had tried desperately to distance themselves from Clinton, to no avail.

A lesser talent might have quietly scrapped the book until a more intelligible message could be found. But not Greenberg. "The Republican victories in 1994," he writes in his revised introduction, "were impressive but merely political, reflecting no greater confidence in the party or top-down Reaganism."

IN *MIDDLE CLASS DREAMS*, GREENBERG tries to explain American political history as a struggle between two pitches for middle-class voters: the "top-down" message of Republicans that serving the interests of big business could spread prosperity throughout society and the "bottom-up" message of Democrats that government should be on the side of "the working man." This construct constitutes a breathtaking oversimplification of American politics—ignoring, as it does, regional differences and the salience of political sentiments such as fear of crime, confidence in small business, and non–class-based ideologies. It also borrows heavily from previous books such as *Chain Reaction: The Impact of Race, Rights, and Taxes on American Politics* by Thomas Byrne and Mary Edsall (1991) and *Boiling Point: Republicans, Democrats, and the Decline of Middle-Class Prosperity* (1993) by Kevin Phillips, the political consultant who is quoted so extensively in Greenberg's book that he retains his title as every Democrat's favorite token Republican.

Greenberg's take on politics in the 1990s is essentially that the country is fed up with top-down politics as typified by the Reagan '80s. During the 1994 congressional campaigns, Greenberg helped orchestrate the Democratic strategy of linking Republican challengers to that horrible decade, creating a choice in voters' minds between Clinton and Reagan, the 1990s vs. the 1980s. Greenberg based this clever strategy on his own polls and focus groups, which found that Americans were increasingly worried about their nation and the economy and dissatisfied with previous efforts to reverse long-term downward trends in incomes and prospects.

One notable section of *Middle Class Dreams* contains pages and pages of sample graphs drawn by members of Greenberg's focus groups. The graphs are supposed to represent the "state of the

country," according to each focus group member, from 1950 to 1990. Some graphs have gradually sloping downward lines during the 1980s, some squiggle up and down, and a few (presumably greedy Wall Street bond traders) had upward lines.

Given a choice between Clintonism and Reaganism, however, actual voters (as opposed to poll respondents) in 1994 chose the latter overwhelmingly. Greenberg's misunderstanding of popular sentiment demonstrates the risk you run in trying to interpret poll results—that your own opinion, rather than that of your respondents, guides the outcome.

In this case, what Greenberg apparently never considers is an alternative explanation for voter disaffection with the economy: the impact of the news and entertainment media on public perception of abstract ideas such as "the state of the country." Something should have clicked in Greenberg's mind when his focus groupies started quoting movie characters such as Gordon Gekko's "Greed is good" speech from *Wall Street* to explain their reactions to poll questions about the 1980s.

I'VE RECENTLY BEEN LOOKING AT TRENDS IN both standards of living and Americans' confidence in their own economic prospects, and can only conclude that 1) American living standards have improved steadily during the past three decades, and 2) in their own cases, Americans know that. When asked by pollsters about their financial prospects, American workers today will say they would like to earn more money (who wouldn't?), but they also view their economic prospects as good and admit that they are better off financially than their parents were at their age.

The Consumer Sentiment Index compiled by the University of Michigan Survey Research Center shows that in every single year since the early 1950s, more than 60 percent of Americans said they were better off financially than they were the previous year. Indeed, except for two brief periods—the Watergate and oil-shocks era of 1973–74 and the recession years of 1979–82—more than 70 percent of all Americans have said they were better off each year. In a 1994 survey, 65 percent of American workers said they were satisfied with their current jobs, while just 10 percent said they were dissatisfied.

The image we often see or hear about of an anxiety-stricken, embittered, deeply pessimistic workforce with little hope for advancement is more a fantasy of political commentators and professional pessimists (both conservative and liberal) than it is the reality in America. How do you square that fact with Greenberg's trusty focus-group reports? Easy. People know about their own economic condition but have little first-hand knowledge with which to judge what's happening to other people. They tend to get that knowledge from the press, which likes bad news more than good news, and popular entertainment, which is dominated by Democrats and political liberals.

Psyched by Clinton's 1992 victory (made possible more by Republican incompetence and Ross Perot than a new New Deal message), Greenberg seems politically tone deaf in *Middle Class Dreams*. That doesn't mean I didn't find the book a little interesting. My favorite passages have to do with Clinton's rise to power in Arkansas, which Greenberg describes in almost mythic language. "In early 1974, at age 27, Clinton got into his 1970 Gremlin and began searching for any gathering of people that would hear him out," Greenberg writes reverently. Clinton's bull session continues even today—and, thanks to advisers like Greenberg, his choice of platform is still a clunker.

Contributing Editor John Hood is on leave from the John Locke Foundation, a state policy think tank in North Carolina, and is a Bradley Fellow at the Heritage Foundation.

Canon Fire

By Nick Gillespie

The Western Canon: The Books and School of the Ages, by Harold Bloom, New York: Harcourt Brace & Company, 578 pages, $29.95

SO MANY BOOKS, SO LITTLE TIME. That is, at rock bottom, every reader's lament. There is simply so much stuff to plow through—and so much more being published by the minute—how can anyone decide what's worth reading, much less the order in which things should be read? Even when you restrict yourself just to literature—poetry, drama, fiction, and criticism of the same—the matter looms larger and more humbling than Everest.

In fact, limiting the discussion to literature raises an even more basic question: Why read *literature* in the first place? The idea that literature is frivolous at best and subversive at worst has a long and distinguished pedigree. Plato, of course, famously banned poets from his Republic because they sacrificed the "truth" for aesthetic effect. (Ironically, literature departments are among the few academic outposts in which Plato is still regularly read.) Educational reformers in revolutionary France disparaged literary studies (along with most of the humanities) as irrelevant in a "rational" world order, a charge echoed by contemporary academicians in professional programs and the hard sciences who wonder aloud what the point is of carrying English and comparative literature departments which pull in few (if any) grant or research dollars.

Harold Bloom's *The Western Canon: The Books and School of the Ages* attempts to state authoritatively what's worth reading and why. Bloom is one of the most influential literary critics of the past 30 years. As the Sterling Professor of Humanities at Yale and the Berg Profes-

Harold Bloom: "I think that the self, in its quest to be free and solitary, ultimately reads with one aim only: to confront greatness." For him, Shakespeare is the alpha and omega of literature.

sor of English at NYU, a past MacArthur "genius" grant winner, and the author of some 20 books and editor of over 100 more, he is certainly in a position to offer definitive answers—or as close to definitive as we might manage.

The Western Canon consists of essays on the 26 post–classical-age authors Bloom considers central to Western literature. Bloom's literary dream team—Shakespeare, Dante, Chaucer, Cervantes, Montaigne, Molière, Milton, Samuel Johnson, Goethe, Wordsworth, Austen, Whitman, Dickinson, Dickens, George Eliot, Tolstoy, Ibsen, Freud, Proust, Joyce, Woolf, Kafka, Borges, Neruda, Pessoa, Beckett—contains no surprises (except perhaps by omission). The book ends with a series of appendices in which Bloom lists another 800-plus writers, from the Gilgamesh poet to Tony Kushner, whom he feels are also worth browsing through.

But even without the provocative list at book's end, it's clear that Bloom is padding the count. For him, Shakespeare is the alpha and omega of literature. "Shakespeare is the Canon. He sets the standard and the limits of literature," writes Bloom. Shakespeare's genius is so overwhelming, in fact, that he "recenters" Western literature, says Bloom. All literature, whether written before or after Shakespeare, must be measured against the literary yardstick left behind by the Bard of Avon (and inevitably found wanting).

Well, sure. But asserting that Shakespeare is the tops is like saying Babe Ruth was the greatest baseball player of all time: It's an eminently defensible position, but it ultimately provides no guidance on what to do next. Should we stop playing and watching baseball (whether with true major leaguers or replacement scrubs)? Given our limited reading time, should we confine ourselves just to Shakespeare? This is counsel that Bloom, a self-confessed "addict who will read anything," manifestly ignores; he is conversant even about books he thinks are junk.

And indeed, Bloom ultimately seems less interested in boosting Shakespeare's reputation (which hardly needs the lift) than in besmirching the current lit-crit scene. Bloom is an entertaining, hyperbolic stylist, quick to spout fashionably anti-P.C. soundbites: "We are destroying all intellectual and aesthetic standards in the humanities and social sciences, in the name of social justice," he writes at one point. These are "the worst of all times for literary criticism," he insists at another. Such claims fairly beg for clarification and qualification—are we destroying "all" standards, or merely altering the ones *Bloom* values?—but he doesn't deign to fill in the details.

THE WELLSPRING OF BLOOM'S DISCONTENT is what he calls "the School of Resentment," the "academic-journalistic network...who wish to overthrow the Canon in order to advance their supposed (and nonexistent) programs for social change." He identifies six branches of this particular *école* (Feminists, Marxists, Lacanians, New Historicists, Deconstructionists, and Semioticians), each of which seeks in its particular way to recast "great" literature as the product of some impersonal, material cause (gender politics, class ideology, etc.) rather than of transcendent genius.

And so, for instance, "Shakespeare criticism is in full flight from his aesthetic supremacy and works at reducing him to the 'social energies' of the English Renaissance, as though there were no authentic difference in aesthetic merit between the creator of Lear, Hamlet, Iago, Falstaff and his disciples such as John Webster and Thomas Middleton," says Bloom. This is, in fact, an overstatement. Even critics who chalk up *Hamlet* and *King Lear* to social energies generally admit that those social energies are better than the ones that scratched out, say, Webster's *Duchess of Malfi* or *The White Devil.*

"To read in the service of any ideology is not...to read at all," says Bloom. Fair enough, but he himself spins out a personal party line as reductive and blinkered as the overtly political ones he derides. Shunning voguish extra-literary criteria such as race, class, or gender, Bloom insists instead on "the autonomy of the aesthetic," by which he really means *his* aesthetic, the "anxiety of influence."

"The anxiety of influence," writes Bloom, "is...an anxiety achieved by and in the poem, novel, or play. Any strong literary work creatively misreads and therefore misinterprets a precursor text or texts." Great literature, says Bloom, is inherently "agonistic" and cannot be "detached from its anxieties about the works that possess priority and authority in regard to it."

While this approach can yield interesting results with writers and critics who are explicitly obsessed with their place in literary history (such as Milton, Samuel Johnson, or Bloom himself) it is less helpful in explicating authors who seem uninterested in such matters—including, ironically enough, Shakespeare. As Bloom notes, "Shakespeare puzzles us in his apparent indifference to the posthumous destiny of *King Lear*; we have two rather different [source] texts of the play, and pushing them together into the amalgam we generally read and see acted is not very satisfactory. The only works Shakespeare ever proofread and stood by were *Venus and Adonis* and *The Rape of Lucrece*, neither of them worthy of the poet of the Son-

NANCY CRAMPTON

nets, let alone of *Lear*, *Hamlet*, *Othello*, *Macbeth*. How can there have been a writer for whom the final shape of *King Lear* was a careless or throwaway matter?"

More to the point, doggedly pasting the same stencil over every work of literature tends to obscure precisely what Bloom claims to value above all else in great literature: "strangeness, a mode of originality that either cannot be assimilated, or that so assimilates us that we cease to see it as strange."

So while he is right to chide "resentment" critics for their overarching, overbearing, and overdetermined grand theories, Bloom's own approach to literature differs only in degree, not kind. The tendency toward "totalized" systems (to use a trendy but nonetheless accurate term) is an occupational hazard among literary critics, and Bloom falls into the trap as readily as the next fellow. Feminists chalk everything up to gender, Marxists to class conflict, New Historicists to social energies, and Bloom to the anxiety of influence.

Trying to match the predictive power and ever-rising institutional prestige of the hard sciences, and taking methodological lessons from people such as Marx and Freud, some literary critics feel a need to create the aesthetic equivalent of a unified field theory, a single system by which every work ever written (or yet to come!) can be perfectly and fully explicated.

LIKE MANY A NASCENT SCIENTIFIC THEory, literary "theories" often start off as promising explanations for a particular set of phenomena, only to become increasingly tortured as they try to make sense of more and more disparate data. But like their counterparts in the social sciences, literary theories are notoriously difficult to disprove. The supply of data—or texts—is essentially infinite and infinitely manipulable. The result is often that a provisional hypothesis intended to guide observation and analysis becomes instead an ironclad conclusion that weeds out or ignores contravening evidence. Once that point is reached, literature—the purported object of study—becomes dispensable to the whole operation. Texts only become "interesting," or "great," or "exemplary" to the extent they confirm a foregone conclusion.

Of course, that's not to say literary theories can't be "disproved." They may fail to excite interest among other readers, they may become outdated as new information about an author or historical period becomes available, or they may collapse under internal contradictions. Bloom, for instance, acknowledges his failure in passing in his first chapter. The "Western Canon," he writes, "is anything but a unity or a stable structure. No one has the authority to tell us what the Western Canon is....It is not, cannot be, precisely the list I give, or that anyone else might give."

There are, in other words, as many canons as there are readers. This is as it should be—individuals negotiating with the past and present and, by their choices, laying the groundwork of the future. And, to the degree we collectively recognize a common list of texts, a canon, we should understand it to be a fluctuating, provisional, evolving affair, with no endpoint in sight.

And what of the more difficult question: Why read *literature* in the first place? Bloom dismisses out of hand right- and left-wing notions that reading certain texts under certain circumstances will inculcate "the seven deadly moral virtues" or hasten progressive "social change." "Reading the very best writers—let us say Homer, Dante, Shakespeare, Tolstoy—is not going to make us better citizens," says Bloom.

Bloom denies a social purpose to literature (he endorses Oscar Wilde's maxim, "Art is perfectly useless") and insists instead on reading as a "solitary" act. "I think that the self, in its quest to be free and solitary, ultimately reads with one aim only: to confront greatness. That confrontation scarcely masks the desire to join greatness, which is the basis of the aesthetic experience once called the Sublime: the quest for a transcendence of limits. Our common fate is age, sickness, death, oblivion. Our common hope, tenuous but persistent, is for some version of survival," writes Bloom.

In a sense, Bloom is absolutely correct: Reading the *Divine Comedy* or *War and Peace* will not necessarily make us more or less likely to help old ladies across the street, more or less likely to vote or pay our bills on time. But literature can certainly have a great effect on the social sphere. A quick example: In *The Western Canon*, Bloom makes several dismissive remarks about *Uncle Tom's Cabin*, Harriet Beecher Stowe's 1852 novel that did so much to define and galvanize northern opposition to slavery.

Perhaps the social and the individual are not truly separate categories, as Bloom holds. In fact, even in the passage quoted above, he implies they are complementary, shifting as he does from the first-person singular (*I think*) to the first-person plural (*Our common fate, our common hope*).

Indeed, it strikes me that we read by design as individuals, but not in pursuit of freedom or solitude. To the contrary, we read to become absolutely engaged with our world and its history. We read to connect to other people, places, and times, and to realize that our hopes, pains, and aspirations are not entirely original to ourselves. Literature, which has remained accessible and intelligible over the ages, provides such a bridge.

As F.A. Hayek pointed out in *The Counter-Revolution of Science*, it is "only" through the study of literature and languages (Hayek included history, as well) that one gains "knowledge of society, its life, growth, problems and its values." Literature, says Hayek, opens up "the great storehouse of social wisdom, the only form indeed in which an understanding of the social processes achieved by the greatest minds is transmitted."

We read, then, not to confront "greatness," however defined, but to learn from it. We read not to transcend our limits, but to better understand them. ®

Nick Gillespie is assistant editor of REASON.

Criminal Justice

By Thomas W. Hazlett

Why fresh-squeezed O. J. is best.

I'LL ADMIT TO BEING PREJUDICED against O.J. Simpson. My lifelong animosity began late one afternoon in November 1967. The Juice ran for 64 yards off left tackle, enabling his despised USC Trojans, ranked No. 2 in the national polls, to eke out a flagrantly undeserved 21–20 victory over my beloved UCLA Bruins, ranked No. 1. Not since that bitter moment has my football team returned to such a prestigious ranking, and so I would be demonstrably unfit to serve in judgment of the accused in *The People v. O.J. Simpson*.

But I can certainly write a column about the lying, murdering, despicable weasel. I'm a tad hasty to convict? Oh, maybe you're right—after all, Rosa Lopez saw the Ford Bronco at the Rockingham house with her very own eyes.

Barbara Amiel, writing in *The Wall Street Journal*, very nicely summarized the O.J. trial as a social calamity in its deviation from simple justice. Of the many things on trial in Judge Ito's courtroom, the issue of whether or not Orenthal James Simpson murdered Nicole Brown Simpson and Ron Goldman on June 12, 1994, appears to be only one of the minor ones. Depending upon the moment, the trial is all about "battered woman's syndrome." Or racism in America. Or LAPD incompetence.

Not even Tom Wolfe could make this stuff up. It is a raging bonfire of the vanities, with every social interest pouring on fuel and justice going up in smoke. It is an ugly sight, and the fumes may be toxic.

Take one of the smoking guns hired by the defense, the Honorable Professor Alan Dershowitz. A man of considerable talents and even occasional ethics, he boldly argued against the admission of O.J.'s wife-beating past into the motive phase of the case. His brief was statistical: While there are 2 million or so spousal abuse incidents in the United States annually, only 2,000 Americans are murdered by their spouses. Ergo, there is only a 1-in-1,000 chance that a man who beats his wife will kill her—far too slim a connection to admit such "highly prejudicial evidence."

Attorney Dershowitz has engaged in the foulest sort of numerical trickery. The 1-in-1,000 probability is nonsense, because it tosses out the most important and least disputed fact of the entire trial: Nicole Brown Simpson has been murdered. Instead of predicting what the chances are that a battered wife will be slain, we have two pieces of evidence and ponder a third: Given that Nicole was battered and that she was murdered, what are the chances the crime was committed by the ex- who battered her? Of the 2,000 such victims per year, one would think an overwhelming proportion—90 percent? 99 percent?—are murdered by those who abused them. (Looked at another way: What are the chances that a person who is severely abused will be murdered by someone other than the abuser?)

This logic is intuitively obvious. Indeed, the reason that defense counsel proclaimed the O.J. beatings highly prejudicial to the jury was that the jury would be wont to implicitly employ this logic of conditional probabilities. But isn't good evidence supposed to be prejudicial? Not even the proverbial smoking gun proves that *A* shot and killed *B*. It merely provides a "highly prejudicial" inference.

JUDGE ITO DIDN'T FALL FOR DERSHOWITZ'S folderol, and lanced this defense balloon. (Note: Do not be shocked to see an appeal filed on this point.) *Why* does such an esteemed scholar even attempt to put forth such a ludicrous argument? Because it is his job to attempt to fool the judge. That's the adversarial process! We might say Alan is a better lawyer that he is a statistician.

What we really mean is that he is doing well for his client by making up absurd statistical theories to sneak past the judge. We could go much further and boldly assert: Dershowitz would be no lawyer at all if he failed to pin the tail on this jackass of a brief.

Shortly after O.J.'s inspirational cruise down I-405 in the Ford Bronco, I heard a learned legal commentator opine that such erratic behavior was not a bad way for the defendant to kick off his legal defense, in that an insanity plea was the most *logical* way for Mr. Simpson to go.

Who, precisely, is nuts? Barbara Amiel's alert piece on the O.J. trial carried a curious pull-quote: "Railroading a guilty man...is as bad as railroading the innocent." Say what? Railroading guilty men is the *ideal* system of justice. The danger is that, in this effort, innocent bystanders will be swept under that steaming locomotive.

The faux pas is ultimately revealing. In focusing on the rights of the guilty, and in countenancing virtually any sort of conduct by esteemed members of the Harvard faculty in the pursuit of procedural fairness, we end up with a spectacle.

It is not simply a social eyesore. It diminishes respect for law, loses real criminals through the cracks, and even ensnares many an innocent—all because it costs so much to adjudicate the obvious when there are no penalties for advancing idiotic theories or wild-eyed objections.

But, of course, none of this logic or evidence should be part of the debate over criminal justice in America. It is far too prejudicial.

Contributing Editor Thomas W. Hazlett teaches economics and public policy at the University of California at Davis.

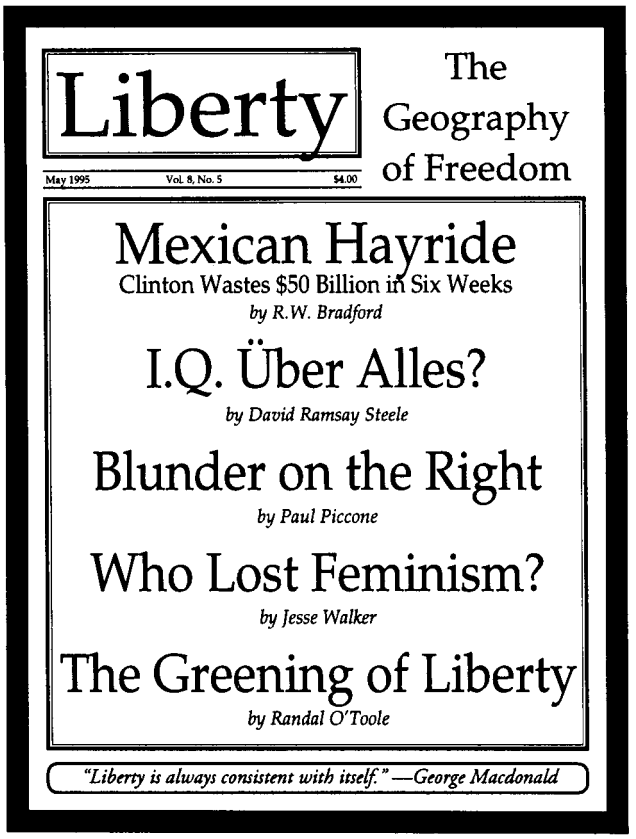
Calling All Individualists!

Liberty is a probing, provocative magazine that celebrates libertarian thinking and individualist living. Independent and irreverent, *Liberty* always defends individual freedom, limited government, and personal responsibility:

✓ *Liberty* is not afraid to distinguish its views from both conservatism's hostility to civil liberties and modern liberalism's contempt for the spontaneity of the free market. Each issue of *Liberty* includes thought-provoking reviews and essays on the cultural and psychological sources of illiberal ideas.

✓ *Liberty* is almost alone in combining concern for the environment with strong opposition to Big Government and intrusive regulation. *Liberty* debunks both environmentalist scare stories and anti-environmentalist paranoia, and attacks porkbarrelling by Greens and industrialists alike.

✓ *Liberty* is never dry or dull — its writers love fun as much as they love freedom.



Our surveys show that most readers read every single article in *Liberty*. Here are nine reasons why, from our May 1995 issue:

• "Flowers for the Underclass" — *David Ramsay Steele* takes a second look at Murray and Herrnstein's *The Bell Curve*, and argues that it may become the Bible of a new ruling class;

• "Mexican Hayride" — *R.W. Bradford* shows who really profits from Clinton's Mexico bailout — and why it's only made things worse for the Mexican economy;

• "Blunder on the Right" — *Paul Piccone* dissects Newt Gingrich, Ronald Reagan, and the rest of the dead-on-arrival Right;

• "Convincing the Unconvincible" — *Val Lambson* tells how to get retirees behind killing Social Security, tenants to help repeal rent control, and environmentalists to embrace privatization of public lands;

• "Africa Unseen" — *Martin Morse Wooster* takes on the press for making Africa the in-the-dark continent;

• "The Feminine Critique" — *Jesse Walker* intervenes in the war between the feminists;

• "A World Partly Free" — *Bruce Ramsey* maps the geography of liberty: which countries are relatively free, which ones aren't, and how you can tell the difference;

• "The Greening of Liberty" — *Randal O'Toole* explains what makes environmentalist groups tick;

• "I Saw John Cage at Madison Square Garden" — *Richard Kostelanetz* chances upon the art of sport.

Plus the outrageous cartoons of *James Gill, Baloo,* and *John Bergstrom*; the weirdness of "Terra Incognita"; reviews; reflections; and more!

Money-Back, Double Guarantee!

We're so confident that you'll like *Liberty*, we'll make your subscription risk-free. Subscribers are protected by our money-back double guarantee detailed in the box below.

Act Today!

Liberty offers you the best in libertarian writing. So don't hesitate. Send in the coupon below, or call us at

1-800-854-6991, ext. 18

with your credit card information. With our guarantee, you have nothing to lose. And you have the fruits of *Liberty* to gain!

Free with your subscription!

Ayn Rand and Her Movement

In an exclusive interview, Barbara Branden speaks frankly about life with Ayn Rand and Nathaniel Branden (Rand's lover and Barbara's husband). She reveals for the first time intimate details of life inside Rand's New York circle: the weird psychological manipulations, the expulsion of heretics in kangaroo courts, the glaring errors in Nathaniel Branden's memoir about his affair, and Rand's fight in a posh Manhattan restaurant with Alan Greenspan.

This interview includes information that cannot be found in any other source. You won't want to miss it. And it's yours — free — with your subscription to *Liberty*.

Money-Back Double Guarantee

1. We guarantee a full refund with no questions upon your request after you have received your first issue. In any case, your bonus and first issue are yours to keep, with our compliments.

2. At any time during your subscription, we will guarantee a full pro-rated refund for any unmailed issues.

R. W. Bradford
Publisher

Yes! I'd like to try **Liberty.** Please enter my subscription as follows:

☐ **Twelve issues: $35.00,** two full years plus **"Ayn Rand and Her Movement"**

☐ **Six issues: $19.50,** one full year plus **"Ayn Rand and Her Movement"**

☐ My check (or money order) is enclosed foreign orders add $5.00 per year

☐ Charge my: ☐ MasterCard ☐ Visa expires: _____

Account # _____

Signature _____

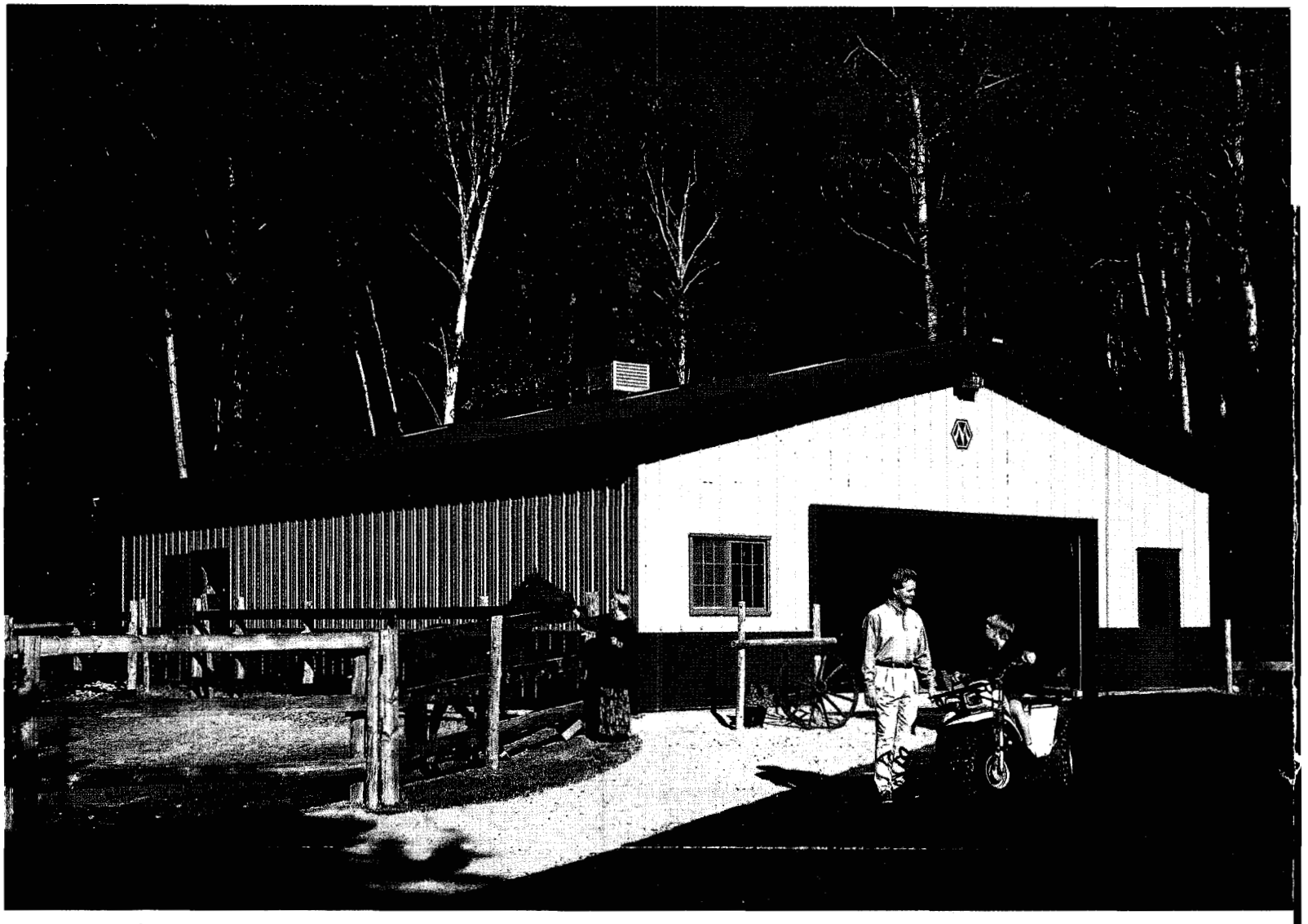
Name _____

Address _____

City, State, Zip _____

Send to: **Liberty,** Dept. S18, P.O. Box 1181, Port Townsend, WA 98368

UNMATCHED WARRANTIES & UNMATCHED QUALITY



Discover the Advantage of over 90 Years of Business Experience:

Company-trained and locally based sales and service personnel take the time to get to know you and your needs. And every personal hobby and storage building is backed by the construction industry's strongest warranty program, including 20-year paint protection against red rust and 50-year protection against snow-load damage.

Discover the Strongest Written Warranties in the Building Industry!

50-Year Protection
against snow-load damage to the structure with no weight limit.

50-Year Protection
against decay or insect attack on preservative treated columns and preservative treated lumber.

20-Year Protection
against red rust including damage caused by atmospheric pollutants.

10-Year Protection
against wind-load damage to our optional AlumaSteel® sliding doors with no wind velocity limit.

5-Year Protection
against wind-load damage to the structure with no wind velocity limit.

800-447-7436

MORTON BUILDINGS®

P. O. Box 399, Morton, IL 61550

All warranties include materials and labor and are not prorated.

© 1995 Morton Buildings, Inc.